

MINUTES
OF
REGIONAL RESOURCE STEWARDSHIP COUNCIL MEETING

March 9, 2001
Olive Branch, Mississippi

Present

1. Mr. Jimmy Barnett
2. Senator Roger Bedford, Jr.
 3. Mr. Lee Baker
 4. Mr. Austin Carroll
 5. Mr. Phil Comer
 6. Ms. Ann Coulter
7. Mr. Jim Creighton (Council Consultant)
 8. Mr. Karl Dudley
 9. Mr. Bill Forsyth
 10. Mayor Thomas Griffith
11. Dr. Kathryn J. Jackson (DFO)
 12. Mr. Al Mann
 13. Ms. Miles Mennell
 14. Mr. Herman Morris, Jr.
 15. Mr. W. C. Nelson
 16. Ms. Elaine Patterson
17. Mr. Bruce Shupp (Council Chair)
 18. Dr. Stephen A. Smith
 19. Dr. Paul F. Teague
 20. Mr. Greer Tidwell, Jr.

Absent

1. Ms. Julie Hardin
2. Mr. Jim Sutphin

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1. Transcript
2. Presentation by Dr. Ted Nelson, TVA
3. Presentation by Lt. Col. Pete Taylor, U.S. Army Corps of Engineers
(Presentations available at the TVA Corporate Library, Knoxville)

Approved by


Chair

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REGIONAL RESOURCE STEWARDSHIP COUNCIL MEETING

MARCH 9, 2001

LOCATION:

WHISPERING WOODS HOTEL AND CONFERENCE CENTER
11200 EAST GOODMAN ROAD
OLIVE BRANCH, MISSISSIPPI 38654

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1 REGIONAL RESOURCE STEWARDSHIP COUNCIL

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3 MR. BRUCE SHUPP (COUNCIL CHAIR)

4 SENATOR ROGER BEDFORD, JR.

5 MR. W. C. NELSON

6 MR. AL MANN

7 MAYOR THOMAS GRIFFITH

8 MR. BILL FORSYTH

9 MR. HERMAN MORRIS, JR.

10 MR. JIM SUTPHIN

11 MS. ELAINE PATTERSON

12 MR. LEE BAKER

13 MR. JIMMY BARNETT

14 MR. AUSTIN CARROLL

15 MR. KARL DUDLEY

16 MR. PHIL COMER

17 MS. ANN COULTER

18 MS. JULIE HARDIN

19 MS. MILES MENNELL

20 MR. GREER TIDWELL

21 DR. STEPHEN A. SMITH

22 DR. PAUL F. TEAGUE

23

24

25

1 TENNESSEE VALLEY AUTHORITY REPRESENTATIVE

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1 PROCEEDINGS

2 MR. BRUCE SHUPP: Take your seat,
3 please.

4 DR. KATE JACKSON: Good morning
5 everybody. We're delighted to be here in
6 Mississippi at the invitation of Mayor Eddie Smith,
7 whose passing, I'm sure, shocked and saddened all of
8 you as much as it did me.

9 The Council, at the end of the last
10 Resource Stewardship Council meeting, was to talk a
11 little bit about what we might do if he weren't at a
12 Council meeting, and I think that -- I'm sort of
13 struck by the fortuitiness and the finality of that
14 series of comments that he had with us.

15 He led a life of patient progress.
16 He's really, I think, a fine model to all of us with
17 the work that the Council is going to do over the
18 next year on inclusiveness and communication and
19 perseverance. And I will miss him, and I hope our
20 work continues to honor his commitments to
21 community.

22 I'm pleased to confirm the
23 announcement by the Board of Bruce Shupp as the
24 chair and the addition of Greer Tidwell. I think
25 they both have lots of skills. Greer, I think, will

1 have us maybe contemplating some new things. He has
2 some additional diversity to add to the Council,
3 which I think will be extraordinarily helpful.

4 One of the things that I look to
5 Bruce to do is to be increasingly comfortable with
6 conflict. I believe that maybe this meeting and the
7 meetings that we will have over the next several
8 months may be increasingly contentious on some
9 issues, and I think that's a good and positive
10 thing. And having that be well managed, I think, is
11 really, really important from TVA's perspective.
12 And I have seen Bruce manage situations like that
13 and hope that he will enjoy himself as he manages
14 those situations here among us.

15 With that, I am more than delighted
16 to hand the meeting to Bruce.

17 MR. BRUCE SHUPP: Thank you. Before
18 we officially take off into today's meeting, I would
19 like to say a few comments about Eddie Smith, and I
20 would like to offer anyone here that would like that
21 to also take that opportunity.

22 Eddie was a special person to me. I
23 really didn't get to know him real well, but I -- my
24 wife came along to our Memphis meeting six months
25 ago or so, and we got to talk to Eddie and his wife

1 and made a promise that we would come visit him in
2 Holly Springs and he was going to show us around
3 Holly Springs. Well, we never got to do that, of
4 course.

5 So I kept my promise to go to Holly
6 Springs to go to his funeral, and it was most
7 impressive. I found out a lot of things that I
8 didn't know about Eddie Smith and I'm sure that most
9 of you don't know. Tom was there.

10 There was probably two to 3,000
11 people at that funeral. It was held at Rust College
12 where Eddie was a trustee and graduate, and he
13 actually worked for the college at one time. If you
14 judge a man by his children, the speeches and
15 presentations by Eddie's grown children were most
16 impressive, poised, confident, articulate,
17 emotional, and the entire -- it was a three-hour
18 Memorial Service for Eddie, and it didn't seem like
19 three hours. It was like a good movie. It went by
20 extremely fast. And it was, to someone that didn't
21 know him well, a very educational process.

22 I think we lost a very special man,
23 and I'm proud to be in the chair that he sat in. He
24 was a man that said no to very few things. He said
25 yes to a lot of things, and he served a lot of

1 different people. He was active in the Civil Rights
2 movement in the '50s and '60s. He helped homeless.
3 He worked with the -- some of his staff he brought
4 up from lower statuses in their lives and they came
5 on to be very functional people in the city. I was
6 very impressed, and it's just too bad we didn't get
7 a chance to serve with Eddie longer and know him a
8 lot better.

9 Anybody else that would like to say
10 anything about Eddie?

11 MAYOR THOMAS GRIFFITH: Bruce, I
12 would. As you said, we were there, and it was a
13 very impressive, very emotional ceremony,
14 particularly from the standpoint of his children and
15 what they had to say about him. It came from the
16 heart, there was no question.

17 I had the privilege of serving with
18 Eddie on four different boards, four different
19 groups, this being one, of course. I served with
20 him on our Mississippi Municipal Liability Insurance
21 Board and our Mississippi Municipal Service Company
22 Board. He followed me a few years after as
23 president of the Mississippi Municipal League. And
24 I served with him on the North Mississippi
25 Industrial Development Association Board.

1 He was a man of character. He was a
2 man of strong will. He was a man of -- for his
3 people. He had a tremendous heart. And as you
4 said, he said no very few times. And he was -- he
5 was a friend, and I was proud to consider him my
6 friend.

7 And obviously, as these things happen
8 you wish you would have done some things different,
9 you know. We ate together in Knoxville the last
10 time I saw him on the way home from one of these
11 meetings, but he was an asset to this group and he
12 was an asset to the municipal people in Mississippi
13 and I was proud that he was my friend and I enjoyed
14 my relationship with him and he will be sorrily
15 missed.

16 Thank you.

17 MR. BRUCE SHUPP: Thank you. Anybody
18 else? Let's take a moment for the record to say our
19 goodbyes to Eddie.

20 (Brief pause.)

21 MR. BRUCE SHUPP: Thank you. Okay.
22 We begin a new era. We have got a really busy
23 agenda today. I'm anxious and honored to be asked
24 to serve. Kate, I thank you very much.

25 I'm equally honored to be on this

1 Council with you. I think that's much more
2 important than being the chair. This is a really
3 good group. It has good things to do. And because
4 of that concern for the Council and my pride in
5 being on the Council, I put a condition on accepting
6 the chair; and that is, that I -- during the
7 deliberations of the Council that I would give up
8 the chair and would ask our Council facilitator to
9 chair those deliberations sessions so I could become
10 a council member again and participate as an
11 advocate for our viewpoints and function as strictly
12 a Council member.

13 So you're going to see that happen
14 today as we get into some deliberations on policies
15 where Jim Creighton will chair those sessions and I
16 become a Council member with you-all and debate and
17 discuss our recommendations.

18 Take a look at your agenda. We have
19 a couple of changes in that agenda today, additions.
20 Right after the coffee break, Austin Carroll is
21 going to take 15 minutes to lead off that next
22 session between coffee and lunch to talk about the
23 trip to Washington to talk to elected officials that
24 he and several other members of the Council have
25 made the first week of March, and the -- that's the

1 addition.

2 We will go through the presentation
3 by the river navigation infrastructure committee.
4 Elaine Patterson will introduce that presentation.
5 That will be our lead as soon as we get moving.
6 That will take us right through the break when
7 Austin takes off.

8 Then we're going to meet our
9 challenge of agreeing to a recommended policy for
10 aquatic plant management, and I think today that we
11 should be committed to meet that challenge and to
12 finalize the recommendation that we almost got
13 finished last week -- last meeting. I think we can
14 do that today. Jimmy Barnett is going to lead that
15 discussion.

16 Then after that -- after the new
17 presentation that Jimmy is going to give is to try
18 to get to the conflict resolution, we're going to be
19 deliberating that policy led by Jim, and then there
20 will be public comments. At 1:00 there will be
21 public comments on the policy or on any other
22 issues. And if anybody is here to make public
23 comments, please register, please sign up for those
24 so we can control the time. You may be -- if you
25 make a comment, you may be questioned by Council,

1 but you will not be challenged by Council. So you
2 can make your comments and feel free to not be
3 challenged for your opinions.

4 The integrated river management
5 committee will be making its recommendation
6 following lunch. Those recommendations will be,
7 again, asking us to make decisions on those
8 recommendations. Roger Bedford will make those
9 presentations. The public will comment on those.
10 Then Jim will lead the discussion on Council's
11 deliberation on those recommendations.

12 Finally, we were going to -- we're
13 going to adjourn at 4:30. We're going to get us
14 there too, by the way, we will adjourn at 4:30
15 regardless, but the last two things, I think, are
16 interconnected. The reports from the subcommittees,
17 and I would like to ask the subcommittee chairs to
18 look to the future when we make those reports.

19 Roger, I would think that when you
20 made your presentation you will be including that --
21 I assume you won't have a further report in the
22 afternoon. So the other three subcommittees will
23 then be making brief reports and looking to the
24 future. Where are you going? Where are you trying
25 to get to with your subcommittees at the end of the

1 year?

2 Then the final thing is when we plan
3 for future meetings I would like to have a
4 discussion among the Council members of, where do we
5 want to be at the end of this year? Where does TVA
6 want us to be at the end of this year?

7 And Kate, I would like to ask you to
8 comment on your thoughts about the sunset of the
9 FACA Council and where you think you may be going
10 with that and where we would like to go with that as
11 a Council and then talk about how many times we
12 think we have got to meet between now and the sunset
13 of the first two years of the Council.

14 So with that, I would turn the
15 meeting over to Elaine Patterson with the river
16 navigation infrastructure committee.

17 MS. ELAINE PATTERSON: Thank you,
18 Bruce. First of all, I thank the Council for the
19 opportunity for the infrastructure navigation
20 subcommittee to provide you with this overview. I
21 think you will find it very informative, and you
22 will also find it very interesting to see how
23 closely TVA and the Corps work together to manage
24 the system.

25 We have two presenters. We have

1 Lieutenant Colonel Pete Taylor and Dr. -- from the
2 Corps, and Dr. Ted Nelson. I'll just give you a
3 brief introduction on both of them. If you can both
4 come up and do your presentation.

5 First, Lieutenant Colonel Pete Taylor
6 had been commander of the Nashville District since
7 July of 1999. He's a graduate of the U.S. Military
8 Academy. He's currently responsible for water
9 resource planning and development activity in the
10 59,000 square mile area comprising the Tennessee and
11 Cumberland River Basins in which -- it's in all or
12 part of seven states. His primary responsibility
13 includes flood control, hydropower, navigation,
14 recreation, and water quality.

15 Dr. Ted Nelson from TVA is manager of
16 the navigation program with over 26 years of
17 experience at TVA. He has 15 years of experience in
18 navigation. He also has experience in land
19 management and environmental assessments.
20 Dr. Nelson is a graduate of the University of
21 Tennessee.

22 DR. TED NELSON: Let me set the clock
23 here, 25 to 30 minutes, is that correct?

24 MS. ELAINE PATTERSON: Yes.

25 DR. TED NELSON: Thank you very much,

1 Elaine, for that introduction. I'm going to jump
2 right into this because you have got really busy day
3 today. So what -- I didn't know exactly where to
4 start this thing, but since this is a group that we
5 haven't discussed navigation with before I thought,
6 well, you know, good idea, let's start at the
7 beginning. So this is going to be kind of a social
8 science presentation here in a way.

9 I am going to talk about the history
10 of navigation to some extent. Why is TVA involved
11 in navigation? What were the legal motivations for
12 TVA to be in navigation?

13 Second of all, I am going to talk
14 about geography, another part of social science, and
15 that means that I am going to describe the system to
16 you as best I can in this amount of time.

17 Then third, and maybe most
18 importantly, I am going to talk about the economics
19 of the system. What does this system really do?
20 What are the benefits that people have gotten for
21 this investment of public dollars?

22 And one other thing I need to point
23 out too before I go any further is that I put some
24 handouts around the table, and those handouts
25 consist of -- kind of a poster of the TVA water

1 control system. I have got a slide on that that's
2 going to be presented up here, but it's so busy, as
3 you can see, that you're not going to be able to
4 tell much about it.

5 And the second handout is a brochure
6 that we recently did on navigation, and this is
7 something that we're real proud of. And it pretty
8 well tells sort of the same story that I am going to
9 tell this morning. So if you have time, take a look
10 at that.

11 And if anybody wanted any extra
12 copies of this, I will be glad to provide them to
13 you. I think that's part of what we have to do in
14 navigation; that is, to provide information on the
15 system so that it can be used most effectively and
16 get the most benefit out of it.

17 Now, as I understand -- Paul, am I
18 ready? No.

19 Let me go ahead and get started
20 anyway. I've just got a couple of tech slides here.
21 Technology is a wonderful thing when it works. And
22 I have some -- I have some transparencies, just in
23 case. Been here and done that.

24 Let me just talk through a couple of
25 things anyway while we're getting started. The

1 first thing I wanted to talk about, as I said, is
2 this little bit of history of it. Why is TVA
3 involved in navigation?

4 Well, the TVA Act says that TVA is
5 charged with the very broad responsibility for
6 social and economic development. The Act was
7 actually very vague on purpose. It said that TVA is
8 going to be -- is going to take this valley and
9 bring it up to the standards at least of the rest of
10 the country. Now, that's pretty vague. In fact,
11 it's probably the most vague legislation any federal
12 agency has ever been given, but TVA was given really
13 basically three tools to do that with.

14 Those three tools that it was given
15 to carry out that very broad mission were -- the
16 first thing it says in there, navigation. Second
17 thing it says is you're going to control these
18 floods that have ravaged this valley for hundreds of
19 years. And then if you have got any power left
20 over, you might have some power left over from these
21 dams that you have built, you can market that power.

22 Okay. So we have got really
23 basically three tools that TVA was given, and it
24 says, "Improve the navigability of the Tennessee
25 River system." Well, again, that's pretty vague.

1 It says, "Make this river navigable
2 from Paducah up to Knoxville. Make it useful for
3 the people in the valley." Well, what exactly does
4 improve navigability mean? So, again, this is open
5 to interpretation.

6 TVA over time has interpreted -- has
7 interpreted this improved navigability to mean
8 really four things. First of all, you have got to
9 build the basic infrastructure. You have got to
10 build those dams. You have got to build those
11 locks. You have got to clear out those channels.
12 All right. That was all basically done back through
13 the '40s -- you know, up through the '40s and early
14 '50s.

15 Then, of course, if you're the
16 landlord and the asset owner of these things, you
17 have a responsibility to maintain and upgrade that
18 infrastructure. And here's where TVA gets a little
19 more different though. TVA gets a little different
20 here in that if we're going to do this for economic
21 development, our Act says social and economic
22 development, not just build locks and dams.

23 So what are we going to do? We're
24 going to take this a little bit further and we're
25 going to use the power of the federal government to

1 stimulate the development, to pay back as much as we
2 can on the public investment that's made in this
3 facility. We're going to do things to promote the
4 use of the waterway. So those are the four things
5 that TVA has done over the years.

6 I guess it doesn't matter if I walk
7 in front of the screen right now, does it?

8 And why? Why did we get this role,
9 this charge, this mandate for navigation? Because
10 navigation is a key part of transportation. And as
11 everybody knows, transportation is one key element
12 of economic development, that's social and economic
13 development. Transportation is one of the major
14 factors in any type of economic development. If you
15 don't believe it, go look at an interchange on the
16 interstate and see what happens around that
17 interchange, it -- build it and it comes to it.

18 It does all kinds of things.
19 Transportation, basically what it does is it
20 improves accessibility, and that's what they were
21 trying to do back in the '30s, was to make the
22 Tennessee Valley more accessible to the rest of the
23 country, and ultimately, to the rest of the world.

24 There was another little matter too
25 of why navigation was part of the TVA Act, and

1 that's the constitutionality of it. The federal
2 government really at that time was not authorized to
3 have an agency that sold electric power, that
4 generated and sold electric power. That was
5 pretty -- that was a private sector domain.

6 Flood control really had not come
7 along at that time as a federal responsibility, but
8 what had come along since the Constitution -- there
9 you go, thank you very much -- since the
10 Constitution was that the interstate commerce clause
11 gave the federal government the right to improve and
12 facilitate transportation and communication among
13 the several states.

14 So it goes back really to
15 Constitution issues. So you really could -- the
16 founders of TVA, Mr. Roosevelt and Mr. Norris knew
17 that this thing had to be sound in law, and that's
18 what really made it sound in law.

19 Barry, I hope I haven't misstated
20 that too badly.

21 MR. BARRY WALTON: Not at all.

22 DR. TED NELSON: Thank you. My
23 Constitutional counsel. Okay.

24 So we were given this responsibility,
25 but not alone. TVA is not alone in this

1 responsibility. It's a partnership. It's a
2 partnership among several entities. The Corps of
3 Engineers, the Corps of Engineers operates the rest
4 of the inland waterway system in the United States.
5 They build, operate, maintain the locks, dams,
6 channels on about a 12,000 mile system.

7 The Coast Guard has responsibilities
8 in it. They install and maintain navigation aids.
9 TVA then on this 800-mile section, I am going to
10 talk a little bit more about the geography of the
11 system in just a minute, but TVA has some
12 responsibilities on its own system, on its own
13 river, which essentially is 800 miles. I will talk
14 about that again. Then the private sector has a
15 major role in it.

16 The government is going to develop
17 the infrastructure and the dams, but it's going to
18 be up to the private sector to come along and put in
19 the ports, the terminals, the plants that make this
20 thing work, and then to operate the shipping lines.

21 Okay. A little bit -- now we'll get
22 into the geography part of this social science
23 presentation, a little bit of geography in the
24 system. The Tennessee River is kind of a weird
25 river. I mean, what's up with this river that

1 goes -- it can't make up its mind. It goes south.
2 It goes west. It goes north. It's pretty unusual
3 really and -- but it makes for a really nice
4 transportation artery in this part of the mid south
5 or the southeast.

6 It connects up at two places with
7 this 12,000 mile, as I mentioned just a minute ago,
8 inland waterway system. It connects up, of course,
9 at Paducah, down on the Ohio River, and just
10 upstream from the Mississippi River, and it connects
11 up with the TennTom, the Tennessee Tombigbee. In
12 1985, I believe, is when the Tombigbee was opened
13 and gave us new outlets from the Tennessee River.

14 Okay. So this goes back to the
15 accessibility. We now have much greater
16 accessibility to the United States and to the world,
17 but what really makes it a navigable stream? Well,
18 technically what makes this a navigable stream is we
19 have got some criteria.

20 The criteria basically are that it
21 allows 9-foot draft -- shipping of 9-foot draft.
22 It's got to be about 300 feet wide, a minimum of
23 300 feet wide for safety. And it's pretty -- that's
24 pretty much it.

25 We have got about 12,000 miles on the

1 Tennessee River, as I said. We have got 652 miles
2 from Paducah to the confluence of the Holston and
3 the French Broad just above Knoxville. Then we have
4 got 150 miles of 9-foot draft tributary streams,
5 like, for instance, the Hiwassee, the Clinch, the
6 Little T, and you can see that on the handout there.

7 Just a little bit -- kind of a
8 zoom-in look at the Tennessee River, starting up --
9 we have got 14 locks at ten projects. In other
10 words, there's dual locks at four projects that make
11 up this commercial waterway that connects us to
12 Paducah and at Yellow Creek to the Tennessee
13 Tombigbee Waterway. I will show another slide in a
14 minute that has a little more detail.

15 There's the water control system.
16 The only point I really want to make on the water
17 control system here is that the navigation part of
18 TVA is on what's called a main stem or mainstream.
19 That is the nine dams and locks, plus Melton Hill on
20 the tributary of the Clinch River, but most of the
21 water storage and most of the flexibility in the TVA
22 system is going to be like in these darker bluer --
23 darker bluer -- darker blue tributaries.

24 So when you get down into the main
25 stem, there's not a whole lot of flexibility.

1 There's not a whole lot of water storage capability
2 as you go further down the system. The water
3 storage capability, even though there's no lock in
4 Norris, you know, there is no lock in Douglas, they
5 still contribute to navigation because of the way
6 the system is operating.

7 There are, I think, 49 dams in the
8 system, of which 27 are part of the integrated
9 system that are all operated together to balance out
10 the water needs for navigation, flood control,
11 recreation, hydropower, water supply, extremely
12 delicate balance that holds this system together.

13 Just another way to look at it, don't
14 want to dwell on this slide. Basically all we're
15 saying here is that you have got a river that falls
16 513 feet in 652 miles, therefore, you're going to
17 have shoals. You're not going to have a nice,
18 natural, navigable system. You're going to have to
19 put infrastructure, locks and dams, on that system
20 to allow commerce or anything more than a draft of a
21 couple of feet to move on that system. So it just
22 shows it drops 500 and something feet, and that's
23 why you have got the infrastructure to take care of
24 that.

25 Okay. A little bit closer look at

1 the locks on the system. As I said, we have got 14
2 locks. And we have got kind of a bipartite system,
3 maybe a two-level system. We have got a very modern
4 system, pretty modern system, from Kentucky down to
5 Chickamauga. Then when you get down to Chickamauga,
6 which, you know, is right there at Chattanooga, as
7 you can see, you go to small locks, not only small
8 locks but single locks.

9 So from Nickajack on down we can
10 handle -- at each lock we can handle a minimum of
11 eight barges, nine barges at a time. You get up to
12 Chattanooga at the Chickamauga lock, you go to 360
13 feet, but because of the configuration of the
14 equipment that's used today, you can only get one
15 barge at a time in there, and that has a devastating
16 effect on the economics of the system.

17 And when I show you the amount of
18 tonnage that moves on the Tennessee River in just a
19 few minutes, you will see that difference really
20 come into play of the size of the locks and what it
21 does to the economics.

22 Well, this is on lockages. Okay.
23 1999, number of lockages on the system, this doesn't
24 really show that because what we're getting here is
25 the -- the red is commercial, and you can see that

1 it -- it's pretty much as you would expect. You get
2 more down toward the end of the system. It kind of
3 builds throughout the system, but you get a
4 pronounced drop here at Chickamauga and Watts Bar
5 and Fort Loudoun and above in terms of commercial
6 lockages.

7 But on the other hand, the
8 recreational lockages go up so that you get a lot
9 more recreational lockages on the upper part of the
10 system than you do down on the lower part of the
11 system. I will show you one on just tonnage in a
12 minute. The other would be government vessels and
13 that type of thing.

14 Okay. Actually, this gets back more
15 into the geography of the system. I talked about
16 the private sector being mostly responsible for
17 putting the terminals on the system to actually make
18 the system work to produce benefits from the system.

19 We have got approximately -- this
20 changes from time to time, but we have got
21 approximately 167 terminal facilities out on our
22 waterway. What I have tried to show here is what
23 kind of facilities are those, and by far we have got
24 the most general commodity facilities. And by
25 general commodity, what I mean there is that this

1 terminal, this port will handle different kinds of
2 commodity, dry bulk. They might handle bagged
3 goods. They might handle steel or project
4 equipment, that type of thing.

5 The next largest category of
6 facilities on the system is grain. And as I am
7 going to show you in just a few minutes, grain is
8 one of the growth commodities on the Tennessee
9 River.

10 Petroleum facilities, that has
11 declined over the years because Colonial put a
12 pipeline up in East Tennessee several years ago and
13 that obviated the need to bring a lot of petroleum
14 by barge to the East Tennessee area anyway.

15 TVA power plants, I am going to show
16 you some data in just a few minutes to indicate how
17 much they make use of the river system. And just to
18 give you kind of a picture -- mental picture of what
19 I am talking about when I talk about these
20 facilities, I am just going to give you like two
21 extremes here.

22 This is down at Henry County. This
23 is what we call a landing. A navigation landing
24 might just -- am I right directly in your way or
25 could I get any more in your way here?

1 MR. LEE BAKER: You're fine. You're
2 fine.

3 DR. TED NELSON: This is a landing in
4 which you might have -- there might be a temporary
5 situation where you're going to take certain
6 commodities through a given area and you might need
7 a temporary facility to do that.

8 So you could actually have -- on our
9 land use plans, we have provisions for temporary
10 facilities that might go in and you might run a
11 mounted crane down there to load and unload. You
12 might have some project equipment, tractors or
13 something, that has got to go into an area. This is
14 the type of thing you would see then on the
15 Tennessee River.

16 And kind of at the other end of the
17 spectrum is the Yellow Creek Port, which TVA, the
18 State of Mississippi, and local governments and
19 communities participated in developing back in the
20 early '70s, a little bit before my time, but this is
21 what I consider to be a first-class facility on the
22 Tennessee River. Of course, this one is publicly
23 owned.

24 You're going to have -- this would be
25 one of those general commodity facilities, but

1 you're going to have really up-to-date stuff here.
2 You're going to have storage that would be humidity
3 controlled for coiled steel so that you don't get
4 rust in the coiled steel. You can handle certain
5 kinds of coiled steel, which as you can probably
6 imagine, is a very high value type of product that
7 you really want moving on your river system and you
8 really want to handle and you really want coming
9 into your community because of the value added that
10 you get from that type of thing like coiled steel.

11 A little bit about the tonnage on the
12 Tennessee River. When I talk about tonnage on the
13 Tennessee River, sometimes, I don't know, it just
14 seems to me like 52 million tons, well, that's a big
15 number, but, you know, so what. Was really does
16 that mean?

17 Anyway, just looking at it overall,
18 there's been a nice growth rate. We had a dip there
19 in the early '80s. There was a business recession
20 in the early '80s. Transportation obviously
21 responds to that. Then overall, you know, the trend
22 is pretty strongly positive, and 52 million tons of
23 stuff in 1999 moved on the Tennessee River, that's a
24 lot. That would compare maybe to the port in Mobile
25 or something like that, to put it in some kind of

1 perspective.

2 What kind of stuff moves on the

3 Tennessee River?

4 Well, by far 38 percent is coal, and

5 you can probably guess where a lot of that coal

6 goes, TVA power plants. That's why we're in such a

7 good position in the national energy picture, one of

8 the reasons why we're in such a good position in the

9 national energy picture is that we have good

10 transportation to get this coal to where it's going

11 to be turned into electricity.

12 Another big commodity on the

13 Tennessee River -- and these things group a whole

14 lot of things together, but this would be called

15 stone, sand, and gravel, aggregates, stone, sand,

16 and gravel.

17 And just to give you kind of a

18 snapshot of what that means, what that is, that is

19 both vertical and horizontal construction, roads,

20 buildings, homes, and a lot of it goes to shoreline

21 reinforcement on the Gulf Coast. There's -- the

22 Tennessee Valley is rich in limestone. We have got

23 that nice stuff called riprap, and that stuff goes

24 in great quantities down through the Gulf Coast.

25 Another -- and this is -- a very high

1 value added product is grain. I'm going to talk a
2 little bit about grain in just a second, if I have
3 time. Yep, I've still got some time. Iron and
4 steel is a growth commodity. The other ones kind of
5 fluctuate. I really don't have a good trend for any
6 of the others. Coal, as a percentage, is probably
7 moving down some. Grain is moving up. Iron and
8 steel is moving up. That's really good news because
9 those are real value added products.

10 Now, this is the slide I mentioned
11 just a little while ago where you would really
12 see -- now, this is a rainbow slide here, but you
13 can really see the dropoff here at Nickajack,
14 Chickamauga, Watts Bar, and Fort Loudoun. You get
15 on the upper end of the system and you get a
16 significant drop in traffic.

17 Down at Kentucky, you're looking at
18 34, 33 million tons that go through there and is
19 growing, and you get a nice stair step until you get
20 up on the upper part of the system, and then you get
21 a significant dropoff there.

22 This slide is just to give you kind
23 of an overall picture of where the major development
24 locations are. And you can just start at Paducah,
25 but really when you get down -- as we talked about,

1 the Tennessee River is kind of a horseshoe. In the
2 apex right down here at Decatur by far is the most
3 active -- Decatur, Alabama is by far the most active
4 port on the Tennessee River. When we talk about
5 Decatur, now, that's like a whole river range.
6 That's not just one terminal facility. That's a
7 river range of about eight miles or something like
8 that.

9 You know, river ports are a little
10 bit different from seaports. Seaports are all nice
11 and kind of focused areas, whereas, river ports tend
12 to stretch out along the river. So you have to
13 define them in terms of a river range.

14 New Johnsonville, that really
15 shouldn't be on this slide, to tell you the truth.
16 New Johnsonville, we know that basically is coal,
17 that's what's going in there, but the others are
18 very mixed commodity situations and contribute
19 greatly to the economies of those areas.

20 And what I wanted to do here is give
21 you a couple of examples, rather than just talking
22 in gross numbers that to me are a little more
23 boring, I'd rather talk about a few things -- a few
24 areas where the river system has meant a lot to the
25 region and to the community.

1 Mallard Fox Creek in North Alabama,
2 we talked about 4.8 million tons. This would be
3 part of that 4.8 million tons. Mallard Fox Creek
4 has just developed really beautifully down there.
5 It was a partnership effort among, again, TVA, who
6 owned much of the property at one time; the Corps of
7 Engineers, who helped out with the dredging project;
8 and the local development and industrial group and
9 is a very active industrial development group.

10 They had run out of land in Decatur
11 proper. So we moved over and did an environmental
12 impact statement to make sure we separated the
13 industrial end and the wildlife management areas
14 down there and had a very systematic approach to
15 this, and I think -- to me it's paid off beautifully
16 when you realize that Boeing goes and locates down
17 there, Trico Steel, and you're looking at an
18 investment. This is over like really only the last
19 ten years. It hasn't been going on that long. And
20 the Boeing plant down there is going to employ 2,500
21 people at peak, and it's a very high wage industry,
22 the kind of industry that a community really drools
23 over and wants. So it's been a very successful
24 project there.

25 And -- well, let me mention one

1 thing, too, about Boeing. One reason Boeing is
2 there, and Boeing stated this very clearly, is the
3 land/water relationship. First of all, they have to
4 have a waterfront location so that they can get
5 those rocket bodies on their way to the other places
6 where they are finished up and actually launched.
7 They had to have -- they also -- they had to have
8 water transportation, but they had to have a certain
9 land/water relationship, and that land/water
10 relationship existed there in terms of the percent
11 slope to move those rocket bodies down to the water.
12 It worked out real well there.

13 A. E. Staley, another story of why
14 the waterway is so important to the Tennessee
15 Valley. A. E. Staley makes high fructose corn syrup
16 that goes into soft drinks and the baking industry.
17 Normally in industrial locations, when you have a
18 great reduction of bulk, like you do this, taking a
19 huge amount of corn down to corn syrup, you want to
20 locate near your source and then ship the smaller
21 product.

22 Well, so much of the markets had been
23 taken, A. E. Staley says, we can go down to the
24 southeast and with water transportation we're going
25 to get a good rate to move the corn in and we're

1 going to be closer to our markets in the
2 Southeastern United States. We're going to preempt
3 other high fructose corn syrup makers that are
4 located farther west and we only can do this because
5 of water transportation.

6 So they located in Loudon, Tennessee,
7 just southwest -- or south of Knoxville. They bring
8 in a huge amount of corn by barge. They ship out by
9 rail and truck, this high fructose corn syrup, and
10 they also ship out a very high value animal feed
11 product, very high protein that goes to Europe.

12 And I don't know what this latest
13 thing with the foot-and-mouth disease over there
14 will do to that market, it will be interesting to
15 see, but that is the product that really keeps them
16 in business. That's the one that puts their profit
17 way over the margin and allows them to locate in
18 this area down here because it basically won't ship
19 by any other method. If you try to put it in
20 railcars during the summer, it's such a glutinous
21 material, it sets up and it has to be dug out with
22 picks.

23 Okay. One more example of the value
24 of the waterway. The area around Guntersville,
25 Alabama has grown tremendously as a poultry

1 production area in the United States. The reason it
2 did, cheap transportation, bringing the corn in. It
3 also -- Guntersville has grown up as a grain
4 processing center, and that poultry feed is then
5 distributed around here. So you can see by the
6 colors here, we have a very high intensity of
7 poultry farming in North Alabama.

8 Don't want to forget, I am talking
9 about tonnage, I'm talking about commercial
10 navigation, don't want to forget, as that slide a
11 little while ago showed you, a lot of recreational
12 lockages take place. A lot of recreation is
13 facilitated by the fact that we have this with the
14 attending economic development benefits that go
15 along with it.

16 This is a shot of the Chickamauga
17 lock during a festival in Chattanooga. I don't know
18 if we're still doing this or not. This always makes
19 the Colonel cringe a little bit when he sees all of
20 those boats in that lock, but you have got literally
21 hundreds and hundreds of boats queuing up to get to
22 that Riverbend Festival in Chattanooga. We do this
23 as safely as possible to get them through, but this
24 shows you that these locks mean a great deal to the
25 recreation industry. Chickamauga lock gets about

1 4,500 to 5,000 boats through each year.

2 Okay. I was going to talk a little
3 bit about the -- well, first of all, let me say
4 this: The Tennessee River navigation system is in
5 pretty good shape. We're pretty lucky, it's in
6 pretty good shape. I showed you a slide a little
7 while ago that had the ages, and a lot of our locks
8 have exceeded their planned age. With the high
9 level of maintenance, great attention, and some
10 luck, we're keeping them together pretty well.

11 There are a couple of major problems
12 on the Tennessee River system. The Kentucky lock, a
13 congestion problem. Chickamauga lock is a
14 structural problem.

15 And I believe Colonel Taylor is going
16 to talk in some more detail about that. So thank
17 you.

18 COLONEL PETE TAYLOR: Good morning.
19 I'm Pete Taylor, and I am fortunate enough to have
20 probably the best Lieutenant Colonel job in the
21 Army, and I say that sincerely because I have the
22 Nashville district.

23 When I graduated from West Point I
24 got to pick my branch. I chose to be an engineer,
25 because that's what I trained as. I have been

1 fortunate to do the troops mix and now district
2 engineer. It is really rewarding because we do
3 things that are tangible and of value to the region
4 and the nation. So I would like the chance to come
5 out and talk about what the district does. I'm
6 really proud of the district and all they do. I
7 like talking about the relationship we have with TVA
8 because we are extensive, and as Kate, we're joined
9 at the hip on a lot of things, we have to be.

10 Typical slide I use for most of my
11 programs. Great picture of Downtown Nashville taken
12 from across the river where the Titans play. I know
13 you-all adopted the Titans as your team.

14 A couple of weeks ago we were awarded
15 a commitment award from the Tennessee Quality
16 Program. TVA, I know, has been involved in that
17 quite a bit. They are a big sponsor. I think they
18 have also been in that program. So we're on the
19 quality journey to try and become a better, more
20 efficient, effective organization delivering
21 products and services.

22 My agenda you can see here, I will
23 zip through it. When I had my staff put together
24 briefs for me, they have a hard time. They give me
25 a lot of factoids. So I try to give them up front,

1 here's what I want to convey.

2 So if I convey anything to you today,
3 the three points I want to make are, first, that we
4 have a great relationship on the Tennessee. I will
5 cite for you Kentucky, Chickamauga, the Wilson Lock
6 Recovery where we sank a couple -- we had barges
7 sink a year ago.

8 When I drove up here yesterday with
9 Mike Enschede, I should have introduced Mike Enschede in
10 the back. Mike is our chief of operations. He runs
11 all the operations for me, the navigation, the
12 hydropower, et cetera.

13 When we drove up yesterday he was
14 telling me about how we had just put one of our
15 cranes -- a 60 ton crane on a TVA barge that either
16 I move with my fleet, TVA moves with some their --
17 some of their boats, if they can. Most often, we
18 hook it up to industries that move up and down the
19 river to maintain the locks and dams, I mean, really
20 a great partnership. We're doing things really well
21 together.

22 My counterpart, Janet in TVA, she and
23 I have given several presentations together, and a
24 lot of times we could almost talk each other's
25 organizations because they are very similar and

1 we're very closely aligned and we work well
2 together.

3 The second point I would leave you is
4 that for what we do on the Tennessee River from the
5 operation standpoint, the locks, that piece of it,
6 and for what we do on the Cumberland, the whole
7 integrated water management on the Cumberland, it's
8 a good return on the taxpayers' dollar. We do that
9 very well, very effectively.

10 The last is, as good as our
11 partnership is with TVA and our stakeholders,
12 depending on your perspective, if you're an optimist
13 or a pessimist, there are some great opportunities
14 ahead for us and there are some challenges ahead for
15 us. I will talk through a couple of those.

16 This map shows you my footprint that
17 I am responsible for. I am one of 38 district
18 engineers in the Corps of Engineers. The Corps has
19 been in the water resources business for 225 years.
20 We are organized around watersheds.

21 So I have responsibility with the
22 Nashville district for the watershed as defined by
23 the Cumberland and Tennessee River Basins. You can
24 see my footprint. It gives us the opportunity to
25 interact will seven states, 32 congressional

1 delegations, really a lot of fun.

2 On the Cumberland River I operate ten
3 multipurpose projects, hydropower, navigation flood
4 control, recreation, huge regional impact 1.1, 1.2
5 billion dollar impact on the Cumberland River Basin.
6 We have six of the Corps' top 25 most visited lakes.
7 We have more than 40 million visitors on our lakes
8 on the Cumberland every year.

9 On the Tennessee River, we're going
10 to talk about navigation. We work with TVA,
11 hand-in-hand with TVA, to operate and maintain that
12 navigation system. To do this, along with our
13 construction mission, I have an annual program of
14 about 140 million dollars a year. I have 830 or so
15 employees, about 350 are in Nashville at my
16 headquarters, and the rest are at the locations you
17 see here at the multipurpose projects or at
18 construction and our regulatory offices.

19 Ted gave you a background of TVA's
20 role on -- for navigation, how they got down the
21 river, what they do. To understand our role with
22 TVA in that, you have to know there are five -- I
23 think it's five -- five memorandums of understanding
24 or agreements that have been signed for years to
25 define who does what. They go back to pre-DOT.

1 They go back to the war department days right after
2 World War II.

3 The first couple developed was
4 navigation. Then we got into the permitting and the
5 wetlands, and those kinds of issues, then some
6 specifics on Kentucky and Chickamauga, and I'll talk
7 you through that in just a second.

8 What those MOA's say relative to
9 navigation is that we will budget for -- I use the
10 word routine, we will budget for the items to keep
11 those locks operationally. If it's a capital
12 improvement on the lock, if we want to add a
13 structured lock that would add value to the lock, we
14 would work with TVA, and TVA would pay for those
15 items. Ted took you through what we do on the
16 channel and the operation.

17 The last two MOA's have us planning,
18 designing, and building Kentucky locks, then most
19 recently have us doing the aggressive maintenance
20 budgeting for and performing the aggressive
21 maintenance on Chickamauga to address that growing
22 concrete problem.

23 What that translates to is some very
24 good navigation support. You saw Ted's slides on
25 where we do, how much tonnage we do. What I'm proud

1 of is the fact that we're almost always available.
2 When you want to come through those locks, despite
3 their age and some of the problems we have with
4 them, we are there ready to go. On my hydropower up
5 in -- on the Cumberland, 99.4 availability. When
6 they need the power and I have the water, I can
7 provide. We do that through a well thought-out
8 maintenance program that we do on some navigation
9 piece, hand-in-hand with TVA.

10 I know, Elaine, you were down when we
11 did Chickamauga. We did -- what did we do this
12 year, Mike?

13 UNIDENTIFIED SPEAKER: Wilson.

14 COLONEL PETE TAYLOR: Yeah, Wilson.
15 We have Kentucky and Barkley coming up this year as
16 well. We do this with appropriations that I
17 received from Congress through the operation and
18 maintenance appropriation. My program is about 140
19 million dollars a year. My total operation in the
20 maintenance program in 62, 64 million dollars a
21 year.

22 Of that we have a line item that
23 says, for the operation on the Tennessee River I get
24 about 16 million dollars a year. And what that 16
25 million dollars a year does is buys me the salaries

1 and the maintenance of those structures. I have a
2 crew of about 160 folks working at those projects or
3 on the fleet moving up and down the river to do
4 that. Obviously everything we do has to be done in
5 close concert with all the stakeholders involved.

6 I would also tell you that we do it
7 very effectively. Some of those locks that Ted
8 pointed out that don't have a lot of traffic, they
9 are not open seven days a week, 24 hours a day.
10 They are open, from when a business standpoint, it
11 makes sense for them to be open.

12 If you want to lock through at Watts
13 Bar on a Sunday you probably -- I don't know if
14 that's a good example, you have to call and make an
15 appointment so that we will have an operator there
16 for you. The industry knows that, and I think they
17 accept that pretty well. I have one operator, one
18 per shift, one guy to run that whole facility. It's
19 a very lean, efficient operation.

20 Let's talk a little bit about money.
21 I know that when Elaine mentioned coming here, I
22 think it was, how do you get your money and how do
23 you budget and what does TVA do. I mentioned our
24 operation and maintenance program. You can see here
25 that in red is how much money I received the last

1 couple of years for the operations and maintenance
2 of all of my projects on the Cumberland and
3 Tennessee; 62, 64 million dollars a year, that pays
4 the salaries of about 500 employees, 540 employees.

5 You can see a couple of things here.
6 One, that O&M appropriation has been relatively
7 flat, slight improvement. Actually, I think in '00
8 and '01 the increase in the appropriation actually
9 was a line item for the aggressive maintenance to
10 the Chickamauga lock. So my appropriations has been
11 flat, except I have recognition for Chickamauga.

12 The second thing you can see is that
13 of the money that I get, I actually spend a little
14 bit more than I get, because mine are postured that
15 when other districts can't spend their money I raise
16 my hand, I go to the General and say, sir, if you
17 get it to me by August I can use it and do
18 something. So we have had 100 percent execution the
19 last couple years.

20 We're in the midst of this year, I
21 think, we're at -- sixty-four nine is my
22 appropriation this year. The President spoke a
23 couple of weeks ago and he released some budget
24 numbers. He released the President's budget in the
25 macro sense. I think the -- but there's been no

1 specificity on line items. So I can't tell you what
2 my appropriation will be next year.

3 On the macro the President's budget
4 has 4 point -- I'm sorry, had 3.9 billion dollars
5 for the Corps for '02. In '01 we had 4.5 billion
6 dollars, a 600 million dollar cut on the civil works
7 appropriation. So I can't tell you what that's
8 going to translate to me in terms of what my numbers
9 are going to look like out here next year, but you
10 can read between the lines. We will know that here
11 before too long.

12 I used this chart and the next chart
13 to try and show folks the discretionary income that
14 we have to address maintenance problems. Ted showed
15 you the age of those structures. They are old.
16 Some of them are starting to show their age. So we
17 have got some maintenance issues. We take Mike's
18 appropriation of 64, 65 million dollars a year and
19 off the top you take out salaries and just operation
20 fees, you take out some of the earmarked funds I
21 have for Chickamauga and some other projects, we
22 have about five million dollars to apply towards
23 maintenance that I would like to do that I have not
24 been funded to do.

25 How much of that do I have?

1 Total in the Nashville district right
2 now I have 83 million dollars approximately of
3 unfunded maintenance that I would like to do. What
4 you're concerned about probably is the navigation
5 piece. I would say two-thirds of that 29 million
6 dollars are maintenance things I would like to do on
7 the Tennessee River, but I don't have the money to
8 do, about 20 million dollars worth of work. The
9 rest of this is my projects up on the Cumberland.
10 So it is a challenge to work through these issues.
11 So that's how we do the operations and maintenance
12 on the Tennessee.

13 I'll talk through a couple of
14 projects now. Ted ended with the Kentucky lock.
15 This is an artist's depiction of what the new
16 Kentucky lock will look like. I'm really proud of
17 this project. Of all the projects that I have, we
18 probably have a good 100 in the district, the
19 largest, most complex from a dollar standpoint that
20 this one has taken and it is just going along great.
21 My project manager works hand-in-hand with the TVA
22 folks, with industry. It is just -- it's amazing
23 how the little ankle biters seem to take all of my
24 attention as opposed to this big one.

25 What we're doing at Kentucky is we're

1 building a 1200-foot lock addition because off all
2 that traffic that Ted showed you. That lock
3 addition will go landward of the existing lock. The
4 price is quite a bit of money. And I have seen some
5 briefings on some other projects, and a 1200-foot
6 addition is worth 200 million dollars, gosh, guys,
7 what are we doing? Why is ours so much more money?

8 Kentucky, the lift at Kentucky, how
9 much we raise those barges is 52, 54 feet. If you
10 go on the Mississippi or the Ohio it's three, four,
11 ten feet. So because it's such a large lift, the
12 corresponding size of the structures to handle those
13 loads, that hydrostatic pressure is immense, a huge
14 amount of excavation, huge amount of concrete goes
15 in.

16 The other reason why this is a big
17 ticket item is because of all the extensive
18 relocation. If you were at Kentucky today, the
19 bridges go across up here. We have to relocate the
20 highway bridge, the railroad bridge. We're
21 relocating the -- these towers right now, I think
22 these are the largest towers in the TVA system.
23 They're going to be almost 400 feet tall when they
24 are done. Extensive relocations.

25 To date we have spent about 40

1 million dollars on this project. This year, '01, we
2 started in the budget at 15 million dollars. When
3 all the adds and puts and takes were gone, we ended
4 up with an appropriation of 30. When we take out
5 our savings, I will spend or we will spend about 26
6 million dollars at Kentucky.

7 I always get asked, how long is it
8 going to take you? It all depends on the
9 appropriation stream. It's a large project, if we
10 could get all the money we needed when we needed it,
11 we could have this done 2008, 2009 timeframe. This
12 shows you the sequence of how we would do our work
13 through the relocations, build the cofferdams, and
14 go on and do the lock construction.

15 What I would point out is that it's
16 going to require some very large appropriations, on
17 the order of 50, 60, 70 million dollars down here in
18 the out years, and it is questionable whether we
19 will see that level of appropriations before giving
20 those macro numbers I just quoted to you in this
21 year's upcoming budget. So there is potential if
22 the appropriation support isn't there that the
23 completion date will slide off.

24 If you're familiar with the Ohio,
25 they have been working on Olmstead for how many

1 years, 20 something years on Olmstead.
2 Chickamauga lock, Ted talked about
3 that. Chickamauga was built in 1940. It was built
4 with concrete using aggregate that was mined
5 locally. What we didn't know in 1940 is that
6 certain types of concrete, certain types of rock,
7 aggregate, will react chemically with the portland
8 cement that gives that adhesion to concrete. So
9 those locks on a microscopic scale are expanding
10 microns, but when you have millions of tons of rocks
11 those microns add up to extraordinary stresses and
12 strains. Today Chickamauga lock is four inches
13 longer from gate to gate from when it was opened in
14 1940.

15 There have been lots of concerns
16 about the stresses and the impact on the machinery
17 and all of those kinds of things. We have been
18 working with TVA with a two-prong approach on
19 Chickamauga. I should point out that Chickamauga
20 has relatively low traffic but is the gateway to 300
21 more miles upstream of the Tennessee.

22 The first thing that we're doing is
23 that aggressive maintenance. TVA was working this.
24 We took it over a few years ago. That is to go in
25 and do some structural repairs to give this thing as

1 much livelihood and longevity of service as we can.
2 We have installed with TVA 300 plus anchors to put
3 that concrete into compression so that it can resist
4 that expansive force. We have installed extensive
5 instrumentation on the lock that tells us where we
6 should be doing these kinds of things. We have more
7 than 115 instruments on this lock. It's a 360-foot
8 lock. Some of my locks on the Cumberland River are
9 three-fold as big and I have five or ten instruments
10 there. It shows you the level of love and attention
11 this project is getting.

12 The second thing that we're doing is
13 the feasibility study for TVA. We started -- a
14 feasibility study is a comprehensive look at the
15 economics, the engineering and science, and the
16 environmental acceptability of a solution to keep
17 the river open there.

18 What this picture shows you is one of
19 the alternatives we're looking at would be another
20 lock built adjacent to and downstream of the
21 existing lock. We started this work as a support
22 for others. Project meaning TVA was a customer.
23 They came to me and said, would you do this study?
24 We will, we'll get it done, and we'll hand it back
25 to TVA when we're done for a million and a half

1 dollars. With the WRDA Bill that was passed last
2 October, there was direction in there that we could
3 use TVA's money to produce a chief's report. What
4 that would allow you to do is that if a project is
5 justified in this analysis, that chief's report
6 could then be submitted to the OMB and over to
7 Congress potentially for authorization of
8 appropriation for construction if a project is
9 justified.

10 I mentioned the alternatives that
11 we're looking at, you can see the various size locks
12 that we're looking at. No action could be the
13 result. Economics may say that's the best thing to
14 do, what's there, or perhaps a larger series of
15 locks.

16 Why would you build a lock at a --
17 dam and lock where you're experiencing all of that
18 concrete growth, the TVA engineers and our engineers
19 feel that we could build one downstream of the
20 existing such that it would not be impacted by the
21 growth of the dam and the power plant is also
22 experiencing right now. So we could put one there
23 from an engineering standpoint.

24 When will we finish up that study?
25 Right now we're on track to have the study done by

1 next summer so it would support WRDA '02 if there is
2 a WRDA '02. And I will tell you that the past year
3 has been an interesting year for the Corps. Most of
4 you have probably seen the articles in the paper.
5 We have been under a great deal of scrutiny with the
6 upper Miss. There may be some impacts of that upper
7 Miss study, and that's my next subject, that could
8 impact the level of review that this project is
9 going to have to undergo before we can get it to a
10 chief's report. We're looking at that right now
11 trying to figure out what those impacts are.

12 I mentioned the upper Miss. Are
13 you-all familiar with the upper Miss study? The
14 upper Miss study was a study that the Corps has been
15 working on for eight or nine years that looks at
16 navigation improvements from St. Louis to St. Paul
17 on the Mississippi and along the Illinois River
18 systems.

19 The study is trying to make
20 recommendations on what kind of infrastructure
21 improvements would be necessary. They are trying to
22 model -- they were trying to model 50 years out the
23 economics and the engineering and science along that
24 system.

25 Last February, a year ago, 13 months

1 ago, an economist from the Corps filed an affidavit
2 with the Office of Special Counsel under the Whistle
3 Blower Act, and he said, I have been coerced into
4 changing my input on that study. I don't think it's
5 right.

6 The Office of Special Counsel looked
7 at it for, gosh, maybe nine months. The Army
8 Inspector General looked at it. Both the OSC and
9 the IG released their results not too long ago. So
10 what I have got are a couple of slides on what the
11 results say.

12 The bottom line out of the Army IG's
13 is that the -- the report is that felt that the
14 Corps had biased towards construction that supported
15 the navigation industry, is what they felt like.
16 There were no criminal allegations but that we were
17 inclined to support construction, is what the report
18 said. So the Corps is working with the Assistant
19 Secretary's Office now on what we're going to do.

20 There were several other things that
21 came out. There was growth, the program initiative,
22 you have seen the post that was in there. I will
23 tell you that growth is not a goal of the Corps, but
24 we do want to be -- we do want to bring to the
25 nation's attention water infrastructure needs, just

1 like the highway administration does on roads or the
2 aviation administration will do on air traffic
3 stuff, somebody needs to do that on waterways. So
4 we do think we have that requirement.

5 We're working in support for others.
6 If TVA came to me today and said, could you do this
7 feasibility study? The rules are a little bit
8 different now. There was some concerns that the
9 Corps was trying to compete with private sector
10 consultants and AE's. So it's a little more
11 astringent on the kinds of things that I can accept
12 work from others on.

13 Some of the other pieces, I will tell
14 you that the chief is going to energize an
15 Environmental Advisory Board. There will be a
16 chance for the environmental community to look at
17 these recommended projects and give us their input.

18 He's also debating, I believe, the
19 reactivation of the Board of Rivers and --
20 Engineers, Rivers and Harbors Board, which is a
21 board of senior Corps officials and private sector
22 folks that will get a chance to look at one of those
23 feasibility studies and comment on it before it gets
24 finalized as a chief report. That's what I am
25 saying, there could be some impact on Chickamauga.

1 I will tell you that last week the
2 National Academy of Sciences, this NRC is a subset
3 of National Academy of Sciences, released their
4 recommendations. The Army, IG did the report. The
5 Army went to the National Academy of Sciences and
6 said, would you look at this study and tell us what
7 you think?

8 The National Academy of Sciences'
9 report was, in some cases, complimentary of the
10 Corps and in other cases rather critical of the
11 Corps. They said that what we were trying to model
12 was a great thing, but that some of the data
13 underlying those models was flawed, therefore, the
14 results were flawed.

15 What they said we need to look at on
16 these navigation studies is a host of non-structural
17 options before you advocate construction,
18 non-structural options being a permitting system for
19 tows to go through locks, perhaps a fee system to go
20 through locks, and to work with industry to develop
21 quick coupling technology so that if you do have to
22 cut tows, you can do it much more quickly than we
23 currently can. I have not seen anybody's response
24 to that, but those are the big points I picked up as
25 I read the executive summary on the NAS results.

1 This is a busy slide. Just on the
2 upper Miss we were only in the study phase when that
3 Whistle Blower Act was invoked. We had not gone out
4 for any public review. There was still plenty of
5 opportunities for that public review.

6 One of the other comments that has
7 come out of this and that growth program initiative
8 is there's not a construction project the Corps
9 doesn't like. Their livelihood hinges on doing
10 construction. If that's the case, we're not doing a
11 good job.

12 What this shows you is that in the
13 '90s if you take 100 studies that we have done,
14 authorized studies, ultimately we'll go into
15 construction with 16 or 17 of those. So our study
16 process is culling a lot of stuff out or the -- as
17 it works its way over to Congress and the
18 authorization board and appropriation board is
19 culling it out. So we do think our study process
20 does come back with some pretty sound
21 recommendations.

22 Opportunities and challenges:
23 Chickamauga, there are lots of questions on
24 Chickamauga. It's a low tonnage lock. What will
25 the results be? Will you support a project? I

1 don't know. We're still working on that.

2 If a project was supported, would it
3 be authorized and appropriated? I don't know yet.

4 That's bigger than Lieutenant Colonels.

5 Would the inland waterway trust fund
6 be willing to fund half the construction cost of
7 that lock like they do at Kentucky? I don't know.

8 Hydropower: For me, the California
9 stuff a few weeks ago or a few months ago was very
10 enlightening. I have nine power plants on the
11 Cumberland River system. They are old. They are
12 showing their age. Personally, I think now is the
13 time that hydropower and the Corps can make some
14 real improvements.

15 Building new plants is a tough thing
16 to do, but I have got plants that are already there
17 that with just changes in technology I can increase
18 their capacity 50 percent or more, and at the same
19 time I can do it and make them more environmentally
20 friendly.

21 When we built Cheatam, Wolfe Creek,
22 we didn't know 40 or 50 years ago about DO and
23 sediments and those things we know today. We can
24 make these plants, I think, more environmentally
25 friendly.

1 I am happy, I just signed off on a
2 recommendation going back to headquarters, one of
3 our plants at Center Hill, the first rehab in this
4 process, hopefully we'll receive support for that.

5 Endangered Species Act compliance and
6 future investments: I have a slide on each of
7 those. Several months ago the Fish and Wildlife
8 Service contacted the Corps and said, we would like
9 to enter into consultation with you on the impacts
10 of your operation and maintenance program on
11 endangered species, threatened and endangered
12 species. Under the ESA they can do that. What that
13 means is that we now have to sit down with them and
14 develop the scope of what that review will
15 encompass, what's the geographical limits. We do
16 know it's going to include both Cumberland and
17 Tennessee Rivers because their major tributary is
18 the Ohio.

19 What O&M activities, navigation and
20 hydropower are sort of under consideration, and what
21 is the list of species that we're going to look at?
22 Once we resolve that, then we have to go in and do
23 detailed studies to determine whether or not our
24 activities are, in fact, threatening those species.
25 If they are, we may be -- we may change their

1 practices or we may have to do some mitigation to
2 protect those species, that's what those means.

3 I have been talking with Janet and
4 Kate about TVA participating in this study. I am
5 not funded for this. We see this being a four- or
6 five- six-year effort, but it's something that we
7 need to do. We need to enter into this amicably
8 with the other service and come up with the best
9 solution we can for everybody involved.

10 The last slide I have is that we're
11 seeing more traffic on the Cumberland and Tennessee.
12 We have got projects that are getting old, and
13 long-term we need to think about the investment
14 strategy to keep that infrastructure running. The
15 only way it's going to work is the close liaison
16 with TVA, our industry, and our environmental
17 groups, everybody and all the stakeholders involved.
18 So we're starting to think through, how do we want
19 to do that? Do it now or do them later, but it will
20 be a lot more expensive later. So we need to think
21 through how we're going to do that.

22 I told you up front what my themes
23 were. I will end with my same themes, great
24 relationship with TVA. I think the Corps is very
25 good at what we do, and there's an exciting business

1 with lots of challenges ahead.

2 With that, I will be happy to take
3 any questions you have.

4 MS. ELAINE PATTERSON: Austin, did
5 you have a question?

6 MR. BRUCE SHUPP: Five minutes,
7 Elaine.

8 MR. AUSTIN CARROLL: Colonel Taylor,
9 appreciate that presentation. I have learned a lot
10 from watching it and appreciate you being with us.

11 What you're saying is that the Corps
12 of Engineers is solely dependent on appropriations
13 from Congress for any work that you-all do,
14 including construction, maintenance, operation, the
15 whole shooting match, is that right?

16 COLONEL PETE TAYLOR: We do have
17 support for other programs where we -- if an
18 organization would like us to do something and we
19 can clear the reviews, we can do it, but that's a
20 very small program.

21 From the navigation standpoint on the
22 operation, yes, it hinges on appropriations.

23 MR. AUSTIN CARROLL: The way it looks
24 like right now you're looking at a cut in
25 appropriations?

1 COLONEL PETE TAYLOR: The Corps,
2 right now, yes. That was the President's budget.
3 There will be adds and puts and all of that. The
4 numbers will change.

5 MR. AUSTIN CARROLL: That includes
6 like hydroelectric facilities that you have? In
7 other words, you said, as I understand it, that you
8 could improve the output from your hydroelectric
9 facilities, say, 50 percent if you had the money to
10 do it and you could make them more environmentally
11 friendly, but right now we just don't have the money
12 to do it, is that kind of where we are?

13 COLONEL PETE TAYLOR: Yes, sir.

14 MR. AUSTIN CARROLL: In contrast, of
15 course, TVA -- TVA's hydroelectric facilities are
16 maintained out of power revenues and are -- I'm not
17 going to say they are perfect, but they are in
18 pretty good shape.

19 So I would say that, you know, as far
20 as the strategy and being able to keep up the plants
21 and things like that, that, you know, TVA has its
22 own self-sufficiency there, and that's worked out
23 pretty well for TVA. Whereas, the Corps of
24 Engineers, being strictly the dependent on
25 appropriations, is a year-to-year thing.

1 COLONEL PETE TAYLOR: Let me clarify.
2 On the hydropower there actually is -- there are
3 some possibilities. We have an authorized project
4 at Wolfe Creek where we're authorized through SEPA,
5 who is our marketer down in Elberton, Georgia, that
6 the non-federal sponsors can contribute and pay for
7 the upgrade of that project from a 217 megawatt
8 plant to a 400 and something plant. So there is the
9 possibility for the power industry to help us in
10 that regard. That would not be contingent on
11 appropriations if we could broker those kinds of
12 deals.

13 MR. AUSTIN CARROLL: But the reason
14 that Wolfe Creek has not already been upgraded is
15 the lack of appropriations, and what we're doing is
16 looking around the table to see, you know, who else
17 might benefit and who else might contribute to that
18 upgrade in that situation, right?

19 COLONEL PETE TAYLOR: We can move
20 forward on the Wolfe Creek upgrade if we can get the
21 sponsors to agree to sponsor it.

22 MR. AUSTIN CARROLL: Right. But you
23 have got to have money from someone else, I mean,
24 you're not getting money from Congress to do it?

25 COLONEL PETE TAYLOR: Not yet, no.

1 MR. AUSTIN CARROLL: Right. Okay. I
2 just wanted to make that clear that there is a
3 difference between the way that TVA operates and the
4 way that the Corps operates being dependent on
5 appropriations or if somebody is stepping forward
6 that would, you know, help you out as far as
7 upgrading those facilities.

8 MS. ELAINE PATTERSON: Thanks. I
9 have two more questions. Stephen?

10 DR. STEPHEN SMITH: I actually have a
11 couple of questions. I'll try to rattle them off
12 real quick and see if we can get a quick response.

13 If you increase capacity by 50
14 percent, how many megawatts do you anticipate that
15 will be?

16 COLONEL PETE TAYLOR: I know at Wolfe
17 Creek it was 270 to 405.

18 DR. STEPHEN SMITH: But you said
19 across the whole system.

20 COLONEL PETE TAYLOR: I think
21 across -- the one I signed off on yesterday from
22 Center Hill, we went from 130 to 200 approximately.
23 So I have 984 megawatts capacity today. If I
24 could -- on a 50 percent increase, 1,500 megawatts,
25 and that's just off the top of my head macro

1 perspective on a 15-year program.

2 DR. STEPHEN SMITH: What is the
3 ballpark price of what those new megawatts would
4 come in at?

5 COLONEL PETE TAYLOR: For all of that
6 rehab upgrade, 275 million to 300 million dollars to
7 do that with a 50-year life expectancy of those
8 rehab upgraded projects.

9 DR. STEPHEN SMITH: Do y'all have to
10 go through FERC relicensing? I mean, I know you
11 don't in the classic sense of, say, some of the
12 others, but is there anything comparable that you do
13 relative to FERC relicensing?

14 COLONEL PETE TAYLOR: Mike, you're
15 going to have to help me on that one. I know FERC
16 but I'm not sure of the specifics.

17 UNIDENTIFIED SPEAKER: Not on the
18 existing infrastructures.

19 DR. STEPHEN SMITH: One other real
20 quick question. Trying to get a sense of the fact
21 that y'all spend approximately 16 million dollars, I
22 think from what I understood, on your participation
23 in the Tennessee River system itself as far as
24 locking out and everything, but you also have nine
25 multi-purpose dams on the Cumberland, is that

1 approximately right?

2 COLONEL PETE TAYLOR: Right.

3 DR. STEPHEN SMITH: I guess the

4 question is: TVA is no longer getting federal

5 appropriations. I am looking for an approximate

6 number from what in comparison, and it may not be an

7 accurate comparison, but just ballpark, of what kind

8 of money you're spending on those dams for dam

9 safety, flood control, navigation, on those nine

10 dams that would be comparable to the amount that --

11 I mean, I am looking for a comparison because TVA

12 had their money -- their non-programs bundled. If

13 you were going to bundle those and say, look, this

14 is the portion that is comparable to what's being

15 spent on the Cumberland, that is probably being

16 spent on the Tennessee for the main stem, I mean,

17 what's the rough approximate number?

18 COLONEL PETE TAYLOR: Sixteen million

19 dollars for the operations piece on the Tennessee.

20 I know on hydropower we invest 15 million dollars or

21 so a year on the Cumberland and the hydro we

22 returned 35 or so million to the treasury, so a good

23 return on the dollar there.

24 Mike, can you help me with the rest

25 of that?

1 UNIDENTIFIED SPEAKER: Recreation is
2 going to be in the neighborhood of 11 to 14 million.
3 Flood control is -- flood control and dam safety is
4 wrapped up in the rest. What you can essentially do
5 is take that 65 million, knock 16 off of it, about
6 49 million on the ten projects on Cumberland.

7 DR. STEPHEN SMITH: I mean, because
8 what I was trying to get at is, if there was a
9 return of appropriation, not including the hydro,
10 because I think the IOU's feel like the hydro is an
11 advantage, but not including hydro you would say
12 it's roughly 49 million, take another 16, so about
13 33 million would be about, you know, ballpark.

14 MS. ELAINE PATTERSON: We need to
15 move along quickly. Two questions. Paul, go ahead.

16 DR. PAUL TEAGUE: Colonel, thank you
17 for an excellent presentation. I know the Corps is
18 a big organization nation wide.

19 What, in your estimation, is the
20 priority on zero to ten of the Tennessee versus the
21 Mississippi, the Ohio, Columbia, Colorado? What
22 would be the Corps' priority?

23 COLONEL PETE TAYLOR: Truthfully, I
24 can't give you a reasonable estimate. I'm not sure.
25 I know that Tennessee is the fifth largest river

1 system in the country, a huge amount of traffic
2 moving up and down that. I don't think the Corps
3 has tried to rank, you know, Mississippi one, Ohio
4 two, Missouri three, not that I am aware of. I
5 really wouldn't feel comfortable giving you that
6 it's the Corps fourth most because I don't think
7 they are doing that.

8 DR. PAUL TEAGUE: I ask that question
9 because we are -- we don't get grants from the
10 government any longer and it has to be paid through
11 tax -- through shareholders and ratepayers and it's
12 not -- if we're -- if ratepayers of the Tennessee
13 Valley are going to have to pay for it, then why
14 shouldn't the Cumberland and the Ohio and the
15 Illinois and the Colorado, same principle?

16 COLONEL PETE TAYLOR: I understand
17 the logic. I'll tell you, that's a bigger one than
18 my Lieutenant Colonel.

19 MS. ELAINE PATTERSON: Let me take
20 the last question because the Chairman is on my
21 case. Greer, please go ahead.

22 MR. GREER TIDWELL: Sure. Again,
23 thanks, Colonel, for the presentation. I applaud
24 the efficiency. I have used some of those Corps'
25 locks in a fishing boat going up the river and one

1 phone call to get it opened up is very efficient.

2 I'm also aware Tom Vorholt with the
3 barge -- Ingram Barge Company is with us, and I'm
4 aware of some of their excellent work and emergency
5 response procedures and activities.

6 One of the concerns I have heard
7 about though with that very efficient lock operation
8 is concern for the capacity for emergency response,
9 I would just like to hear a little bit of address on
10 that issue.

11 COLONEL PETE TAYLOR: Wilson made me
12 think about that, that brought that to me real
13 quickly, you know, when those barges went down. By
14 the grace of God and because of some very good
15 training and procedures that we have, nobody got
16 hurt there, but I was thinking, suppose it wasn't a
17 barge carrying concrete, cement, or a barge carrying
18 steel, suppose it was a barge carrying gasoline or
19 something like that?

20 Our folks have procedures. They have
21 SOP's in place that they review and check
22 periodically for those kinds of instances. We work
23 with the Coast Guard, Mike Blaire our of Paducah,
24 his office, on the drills for instances that you're
25 describe at the locks. It is one of those things

1 that you just have to continually -- when we came
2 back from Wilson, that was the question I asked Mike
3 and his staff is, okay, suppose it had been
4 something else, what would our response be, how do
5 we do it? It is something, yes, we do think about.

6 MR. GREER TIDWELL: If I might, I
7 have a follow-up for Dr. Nelson, just to say that
8 you made a point about the importance of the dropoff
9 above Chattanooga and trying to relate that to the
10 size of the locks, if that's an important point for
11 us to take away, I just wanted to invite you back,
12 I'm not yet convinced, just based on the bar chart
13 that you showed, it looked like a pretty even curve
14 to me.

15 So if that's an important point for
16 us to take away, the size of those locks is
17 constricting that traffic up above Chattanooga, I
18 need to see a little bit more about why the size is
19 relating to that, because it looks like very smooth
20 going up the river.

21 DR. TED NELSON: I'll be delighted to
22 talk to you about that.

23 MS. ELAINE PATTERSON: And our
24 committee will take note of that as well to find out
25 more about it. Colonel Taylor, Dr. Nelson, thank

1 you both very much for outstanding presentations. I
2 think we have all learned a lot and may be getting
3 back to you with additional questions.

4 MR. BRUCE SHUPP: Thank you, Elaine,
5 Colonel, Doctor, we appreciate it. It was very
6 informative. It's now about eight minutes to 10:00.
7 We're going to break for 15. We now move the
8 adjournment to 4:35, 4:37. You're all doing fine.

9 (Brief recess.)

10 MR. BRUCE SHUPP: All right. Austin,
11 go ahead, you can begin your report.

12 MR. AUSTIN CARROLL: If I am going to
13 report, you are going to have to sit down.

14 MR. BRUCE SHUPP: Well, you know,
15 they don't listen.

16 MR. JIM CREIGHTON: Just start
17 talking.

18 MR. AUSTIN CARROLL: Mr. Chairman, on
19 March 1 -- excuse me, on March 2 and 3 a delegation
20 representing the Government Relations Task Force of
21 the Council, at my instigation, went to visit with
22 our congressional delegation, the Tennessee Valley
23 Congressional Delegation in Washington, D.C.

24 Those that went and were able to go
25 on the trip were Elaine Patterson, Miles Mennell,

1 Dr. Stephen Smith, and I asked Tom Vorholt to go
2 with us as well so that we'd have a diverse group
3 going there.

4 TVA made our appointments and they
5 facilitated our trip, but when we got to the offices
6 we went in without TVA so we were able to talk, you
7 know, fairly frankly about the Council's activities
8 and about TVA.

9 Our purpose was to -- was
10 multipurpose, to build awareness of the Council, the
11 existence of the Council, and to initiate and keep
12 up the dialogue with Congressmen and Senators
13 relative to the Council's business. We wanted to
14 inform them of our process and the status of
15 progress on the Council, and then we solicited their
16 input and the input of their constituents to the
17 Council that may have concerns about the resource
18 programs.

19 The Tennessee Valley Congressional
20 Delegation is fairly large, and we were there for
21 only two days and we were not able to meet with all
22 of them. The ones that we did meet with, we met the
23 following or a key staff person, that was
24 Congressman Bill Jenkins of Tennessee, Congressman
25 Robert Aderholt of Alabama, Congressman Van Hilleary

1 of Tennessee, Senator Fred Thompson of Tennessee,
2 Congressman Zach Wamp of Tennessee, Congressman Bob
3 Clement of Tennessee, Senator Bill Frist of
4 Tennessee, Congressman Roger Wicker of Mississippi,
5 Congressman Bud Cramer of Alabama, Congressman Ed
6 Whitfield of Kentucky, and Congressman John Duncan
7 of Tennessee.

8 And if you-all have ever been up
9 there to try to make the rounds with Congressmen,
10 you realize that was a fairly busy and long two
11 days, because that's several people to have to get
12 in to see and to have any kind of meaningful
13 discussion with.

14 The results that we believe we
15 achieved, we were well received. I think the
16 awareness of the Council and its activities with
17 Congressional delegation came to a higher level.
18 They were very supportive of our activities. They
19 appreciated the fact that we -- you know, that we're
20 an independent Council of TVA, they realize that and
21 appreciate that.

22 There was -- some of them indicated
23 that they would get back with some of their
24 constituents who had concerns about TVA's resource
25 activities and make sure that they were aware of the

1 Council and that they had their input to the
2 Council.

3 Overall, they were favorable to TVA.
4 I think TVA's relationship with the Congressional
5 Delegation is on the upswing. Congressman John
6 Duncan's staff person, David Balloff invited us
7 back. Congressman Duncan is chairman of the water
8 resources and environment subcommittee of the
9 transportation and infrastructure subcommittee,
10 which has some oversight over TVA, and he invited us
11 back to meet with the staff people for that
12 committee and subcommittee in order that we could
13 provide them some education such that they wouldn't
14 be in a reactionary mode and be more well informed
15 when things about TVA came up. So we may take
16 advantage of that.

17 Observations: For the near future,
18 and I'm just, you know, guessing, some one to three
19 years, politically TVA cannot back off the services
20 that they are providing relative to the resource
21 programs. The Congressmen are aware of those
22 services, and I think to stop or back off of those
23 programs would be somewhat like political suicide at
24 this point.

25 For example, the weed control

1 program, I don't think TVA can stop that at this
2 point, even though they are given no appropriations
3 for that, and I think we would lose some support,
4 particularly down in the Alabama area if that
5 happened.

6 It was obvious that appropriations
7 for this year were certainly off the table, and
8 beyond that, it was less obvious ranging from, I
9 will support it, to, it's not going to happen. And
10 then you-all should be aware, and I'm not sure we
11 have talked about this on the Council very much, but
12 at the time the appropriations were eliminated,
13 Congress, at the same time, although it was not a
14 tit for tat, approved TVA refinancing its debt to
15 the Federal Financing Bank, and that amounted to a
16 savings to TVA of approximately 100 --

17 MR. PHIL COMER: 120 million.

18 MR. AUSTIN CARROLL: 120 million a
19 year for --

20 DR. KATE JACKSON: And that number
21 goes down every year as you get closer to when you
22 would have repaid that.

23 MR. AUSTIN CARROLL: In some of our
24 minds that's something that should -- Congress
25 should have allowed anyway, but anyway, that was

1 brought up that that did happen at the same time,
2 which is a benefit to TVA's power program.

3 There was little, if any, notion or
4 support for transfer of services to the Corps of
5 Engineers. We didn't detect that. So that was our
6 visit.

7 Other things that you-all should be
8 aware of, just from part of our report of government
9 relations, is that there is a GAO investigation of
10 TVA that was instigated by Senator McConnell because
11 Senator McConnell was saying that the wholesale
12 rates in Kentucky are higher than anybody else in
13 the state. He fails to mention that TVA -- or that
14 Kentucky has some of the lowest rates in the United
15 States, about number three in the country as far as
16 retail.

17 And then there is also an Office of
18 Inspector General -- TVA's Office of Inspector
19 General request from Senator McConnell, and that is
20 primarily centered around, what is in TVA's rates
21 that are not in other producers' rates? For
22 example, the operations of the -- other operations
23 of the river system, non-power operations. Now,
24 where he's going with that, you-all can read between
25 the lines.

1 And I will mention a couple of other
2 things. Senator McConnell's chief staff person on
3 energy that was always interesting to deal with
4 relative to TVA has now taken a job with a
5 subsidiary of the Southern Company and Senator
6 McConnell -- or Senator Bunning's chief staff person
7 on energy, Mike Heywood, has now taken a job with
8 Duke Power. So I will let y'all draw what
9 conclusions you might there.

10 So I will be glad to -- is there
11 anything that Elaine or Steven or Miles or Tom would
12 like to mention that we -- that I didn't cover?

13 MR. BRUCE SHUPP: Austin, when do you
14 plan to go back? Do you have anything scheduled?

15 MR. AUSTIN CARROLL: We don't have
16 anything scheduled, but we don't need to allow the
17 offer to lay around too long. We think that it
18 would be in the best interest of the Council and
19 what, you know, could happen to the resource
20 programs of TVA to go back in the near future.

21 DR. STEPHEN SMITH: You know, I just
22 wanted to reinforce this concept that there is -- I
23 personally think that there is the possibility that
24 if we remain optimistic and we continue to do good
25 work that there is a date in the future where

1 appropriations could be returned to TVA.

2 I think that the -- personally I

3 think the work of this Council is important in that

4 way. I think it's very important to see for the

5 members of the delegation that they were some quite

6 diverse interests. We had some very interesting

7 exchanges.

8 TVA was not in the room when we met

9 with the staffers and the Congressional members were

10 there, and I think that was a good thing. I think

11 it allowed to show some autonomy and we were able to

12 point out some things that we, you know, probably

13 disagree with TVA a little bit on, but I think it's

14 a real healthy process and I think that this is

15 useful in that direction.

16 The fact that the current Chair of

17 TVA is retiring in April will probably only assist

18 that process further as time goes on and that there

19 may be an ability to continue to lay the groundwork

20 for going back after what is an appropriate amount

21 of appropriation, so to speak.

22 MR. AUSTIN CARROLL: I think -- yeah,

23 I think given a little time and a few changes I

24 think -- I personally think that we could muster the

25 support we need to get the appropriations back.

1 Again, now, that's my personal opinion.

2 DR. STEPHEN SMITH: One of the things
3 that they did mention, and I don't know what TVA's
4 response to this, and obviously this is always a
5 strategic question, is that we assume that TVA is
6 not putting forward a budget request this year, but
7 at some point TVA would probably need to put forth a
8 budget request to basically start up the process
9 again to think about it.

10 I guess the question is, when is that
11 politically appropriate to do, but that might be
12 something to think about going forward, because it
13 seems like they need something like that to
14 stimulate the debate again at some point.

15 MR. BRUCE SHUPP: Roger, then AI, and
16 we're going to cut it off because, again, we're
17 going over time limits.

18 Roger?

19 SENATOR ROGER BEDFORD: Thank you,
20 Mr. Chairman. Austin, I just wanted to thank you
21 and the other members of your committee that went up
22 and took the time to do that. I think that was very
23 helpful both in the short-term and the long-term.
24 I, too, remain optimistic that at some point in time
25 we will be able to secure a revenue stream.

1 And I would like to extend an
2 invitation to you, or any members of your committee,
3 on May 4th I am going to host an event for Senator
4 Daschle, Senator Edwards, Senator Nelson, and maybe
5 Rowe and Murray in Birmingham. If you would like to
6 come down, I will make available some time for you
7 to speak to those Senators about our concerns.

8 Thank you, Mr. Chairman.

9 MR. BRUCE SHUPP: Thank you. AI?

10 MR. AL MANN: My question is to
11 Stephen and to Austin. In no way is this a lobbying
12 committee? I mean, we're not lobbying for TVA, are
13 we, in any way?

14 MR. AUSTIN CARROLL: No.

15 MR. AL MANN: Could that be perceived
16 as such?

17 MS. MILES MENNELL: No.

18 MR. AUSTIN CARROLL: No. It was
19 strictly, you know, educational, trying to build a
20 rapport between Congressional -- well, Congressmen,
21 Senators, and their staff, and the Council, such
22 that when we do come forward with recommendations to
23 the TVA board, and those will go out to their
24 offices, they will understand what we were doing,
25 where we were coming from, and hopefully, we could

1 be more effective in doing that.

2 MR. BRUCE SHUPP: Thank you, Austin.

3 Thank you-all for going. I mean, to take two days
4 and go up there and work that hard for the Council,
5 we really appreciate it. It will pay dividends,
6 there's no question about that.

7 The discussions about the federal
8 funding are very appropriate as we go into the next
9 subject, which is to resume our deliberations on the
10 aquatic plant management policy recommendations.

11 If you recall, last time we were very
12 close to agreeing. We agreed to all the principles,
13 with the exception of funding is where we stalled.
14 Who should pay the bills and how do we make a
15 recommendation to TVA for that? And certainly, the
16 federal component of that is important.

17 Jimmy Barnett, the chair of the water
18 quality committee, is going to lead us through
19 another way to try to get at a resolution of the
20 differences of opinion on funding, and Jim Creighton
21 is going to chair this session from now until lunch.

22 Jim and Jim.

23 MR. JIMMY BARNETT: Jim and Jim show.

24 Actually, a lot of this information came from Bruce,
25 and I said, do you want to do this or do you want me

1 to do it, as far as the presentation, and he says,
2 well, given his status he would sort of like for me
3 to do it. He didn't say anything about my status.

4 You-all have a copy of our second
5 draft. What we would like to do is to try to go
6 through and bring us all back up to speed. What I
7 am showing up here is what I think we agreed on. If
8 not, be sure and say something.

9 We agreed that TVA has leadership,
10 administrative, and economic development
11 responsibilities for the river. If I hear no
12 objections, I'll keep going. So if you object when
13 I say something, let me know.

14 The Tennessee River is a federal
15 waterway managed and it's managed by a federal
16 corporation receiving no tax dollars. We just got
17 through discussing that a little bit.

18 TVA and ratepayers both benefit from
19 development of a public resource.

20 Both TVA and the federal government
21 share stewardship responsibility.

22 Federal agencies, Corps of Engineers,
23 the Bureau of Land Management, Bureau of Reclamation
24 are the stewards of waters they manage using
25 appropriated tax revenues.

1 DR. STEPHEN SMITH: Jim?

2 MR. JIMMY BARNETT: Yes.

3 DR. STEPHEN SMITH: The bullet about
4 both TVA and federal government shared stewardship
5 responsibilities, I think that's very clear, I
6 guess, and it may not be relevant to where you're
7 ultimately going, but I think the stewardship
8 responsibilities are obviously beyond just those two
9 entities.

10 I think clearly the citizens along
11 the Valley and the municipalities, everyone has a
12 stewardship responsibility for the waterways and
13 that -- you know, I think that gets that where we're
14 going in some of this, that it is not just TVA and
15 federal government that has stewardship
16 responsibilities, but that may -- again, may not be
17 relevant, but I would say that is true but could be
18 broadened.

19 MR. JIMMY BARNETT: Okay. Good
20 point. Let's go to some divergent viewpoints. All
21 right. One viewpoint is that the federal government
22 should fund 100 percent, going down to TVA should
23 fund 100 percent, that's two opposing kinds of
24 things. The ratepayers should not pay for plant
25 management or the beneficiaries, local, should not

1 pay for plant management. That seems to be some
2 opposite viewpoints that the various groups have
3 taken that I have received some comments about.
4 Some of you may have mentioned some of these
5 particular comments. These are just some things
6 that we have picked up here of divergent viewpoints.

7 Are there any others that anybody
8 would like to add?

9 All right. If you will go to the
10 next page. Here's some facts. USA Corps of
11 Engineers aquatic plant management, it's our belief
12 at this point that it's 100 percent funded on the
13 Corps of Engineers' waters, 50 percent cost share
14 with partners, no residential treatments that they
15 do. Permits are issued for residential management.
16 In other words, if you wanted to go out and manage
17 the waters there, you would have to get a permit.

18 MR. JIM CREIGHTON: Jimmy, could you
19 clarify between the first bullet and the second, the
20 100 percent funded versus the 50 percent cost share?

21 MR. JIMMY BARNETT: Bruce, would you
22 mind doing that?

23 MR. BRUCE SHUPP: Yeah. 100 percent
24 funding is on Corps -- completely Corps managed
25 reservoirs. Dr. -- is he still here? No.

1 The 50 percent cost share is both --
2 they have a cost-shared program with partners on
3 non-Corps waters, federal waters that are not
4 managed by the Corps for research and management,
5 but that funding has been greatly reduced. They are
6 down to very little. Over the last eight years they
7 have lost a lot of funding in that area. And if
8 anybody from the Corps here would like to comment on
9 that, we would certainly welcome that.

10 The difference is 100 percent Corps
11 managed waters versus just navigation
12 responsibilities for the Corps and not Corps
13 managed.

14 MR. JIM CREIGHTON: Of the Corps
15 managed waters, how many of them have residents
16 along them, and does the Corps take care of all of
17 the -- pay for all of the stuff in front of those
18 residents?

19 MR. BRUCE SHUPP: No. That's why
20 they said, no residential treatments. I don't know
21 how many have residents and don't. I would think
22 most of them have some residents, but they don't go
23 out of their way to do residential treatments.

24 If the residents' docks and access
25 areas are just luckily in the path of some treatment

1 for another mission, then the residents would be
2 taken care of, but they are not going into
3 residential coves and residential sluice to do
4 treatments.

5 MR. BILL FORSYTH: Are the treatments
6 just primarily for navigation?

7 MR. BRUCE SHUPP: No. I will use the
8 Lake Seminole, which is the one I was just to a
9 couple of weeks ago, which is a Corps managed
10 facility. They have a million dollar weed control
11 program there. They are treating access lanes to
12 get into areas. They are treating recreation
13 facilities, marinas, commercial facilities. They
14 are not doing residential.

15 Now, they don't have huge residential
16 areas like on Guntersville or some of the other TVA
17 lakes, but there are residential areas that are
18 going forth, permits from the Corps, to do their own
19 treatment.

20 MR. JIMMY BARNETT: In the second
21 series of facts, private utilities, aquatic plant
22 management. Mostly 100 percent of the cost on
23 waters that they have control of. Some of them get
24 assistance from states, not all of them, but some of
25 them do get assistance from the states for that.

1 The next one is neither the states,
2 nor Tennessee, nor Alabama manage aquatic plants. If
3 any of these facts are wrong, if anybody has any
4 other knowledge, please say, but our understanding
5 is that neither Tennessee nor Alabama manage aquatic
6 plants.

7 MR. BRUCE SHUPP: On public waters.

8 MR. JIMMY BARNETT: On public waters.

9 All right. Tennessee does require permits. If
10 somebody wants to go out there, like myself, if I
11 were in Tennessee to do treatment, they do require
12 permits. Alabama does not.

13 As far as residential control, there
14 doesn't seem to be a consensus on the levels of
15 responsibility. There's really no model in the
16 south for coordinated residential funding on public
17 waters. In fact, unmanaged herbicide use is a
18 potential problem if I go out there and take a
19 55-gallon pesticide out in front of my cabin and
20 dump it in there, that could cause something further
21 downstream from there.

22 Something that's -- Bruce and I added
23 this morning, there is no mechanism for taxing local
24 residences, no set formula or mechanism for taxing a
25 local resident for any aquatic weed control right in

1 front of his particular resident or dock or
2 whatever.

3 Now, those are some facts that we
4 have talked about. So we come to some questions. I
5 think that's basically where we are. That's
6 where -- Congressman Cramer and Robert Aderholt,
7 that's where they are coming from when they are
8 talking to me, we think TVA ought to pay, that's
9 what the citizens of Guntersville are talking about.
10 This is basically what this policy -- that's one of
11 the locations, and a big one, because it's about a
12 million two, Kate, I believe, or something like
13 that?

14 Who pays and how much? Does TVA, the
15 ratepayers, power purchasing people pay for
16 everything? Does the federal government? Does the
17 local beneficiaries? How does TVA get their federal
18 money? If they get federal money, we'll try to get
19 federal money for them or try to help them or
20 suggest to them to keep going for it. Direct
21 appropriations through another agency, like the
22 Corps of Engineers, there are ways to get that.

23 If you want to work the political
24 process, you can get some monies that way through
25 CEO. As a part of the CO cost-share fund, that's

1 what we're talking about, that's interesting.

2 Then the biggest question that we
3 have got right now that I am getting complaints from
4 people around Guntersville is, who is going to pay
5 for the residential control, federal, local, TVA, or
6 a combination thereof? And, of course, what they
7 want to do is go back to one of these other
8 divergent points, they don't want any local folks to
9 have to pay.

10 Now, those are some questions that we
11 need to answer as we are going over that. And given
12 that brief overview, I am going to turn it over to
13 Jim now. And the question back before the Council
14 is, TVA should do what? Should we have this
15 particular policy? Should we ask the federal
16 government to do something or should we ask local
17 governments to do something?

18 So, Jim, I'm going to let you take it
19 from here.

20 MR. JIM CREIGHTON: Jimmy, before you
21 disappear, since there is a recommendation from the
22 subcommittee, could you clarify where the
23 subcommittee came down on these things, and could
24 you also tell us what's changed since the last time
25 we saw them?

1 MR. BARRY WALTON: Basically page one
2 remains the same as we had it the last time. The
3 last two paragraphs we reworded. And I don't know
4 that I can 100 percent agree with it myself, okay,
5 so I thought I would put that out there, but as far
6 as the last two paragraphs, we came back and
7 softened and modified and trampled upon some of that
8 language.

9 The last paragraph, I don't think the
10 first paragraph on the second page has that much
11 impact because I think we all sort of agree with all
12 of that. It talks about being somewhat unjust to
13 the ratepayers who are also paying for plant
14 management work under federal government agencies on
15 local and federal waters, we've talked about that.

16 The last paragraph, it says, TVA
17 will, however, allocate the same amount of funds,
18 approximately 1.2 million per year as was used in
19 each of the past two years, for a period ending with
20 the end-of-budget year 2002 in an effort to
21 increasing aquatic plant problems from drastically
22 increasing, while at the same time, working with all
23 of the stakeholders to -- this is all of us and all
24 of our people that we are trying to represent -- to
25 aggressively seek federal funding for this and all

1 other non-power stewardship activities.

2 In addition, TVA will pursue other
3 methods of funding, such as cost sharing, fees,
4 grants, et cetera, in cooperation with the affected
5 local stakeholders and governmental agencies.

6 We're saying, hey, let's work every
7 possible facet to try to get some money for this
8 other than -- or in addition to the ratepayers. The
9 ratepayers may have to wind up bearing a good
10 portion.

11 What about this end-of-budget year
12 2002? Now, that is a sticky, wicky point. Then if
13 it stops, we may or may not be here. I mean, we
14 have a finite line, this Council. So who decides
15 what happens after that point?

16 So that's, I think, probably the
17 sticky is we continue to pay it out of ratepayer
18 funds, or suggest to TVA that they do this, or
19 recommend to them.

20 And then what else do we recommend
21 TVA to do?

22 MR. JIM CREIGHTON: So where the
23 subcommittee came down is you agree in principle
24 that ratepayers should not have to pay; however,
25 since the program is important, you agree that they

1 pay through 2002?

2 MR. JIMMY BARNETT: That's the
3 current recommendation.

4 MR. JIM CREIGHTON: While
5 aggressively seeking to do what you believe is more
6 appropriate, which is to receive federal funds, and
7 also work aggressively to try to get other
8 cost-sharing fees, things like that?

9 MR. JIMMY BARNETT: That's correct.
10 One of the things that -- this is my opinion since
11 I'm up here and I'll just say it instead of saying
12 it later.

13 There are two ways, you can go back
14 and try and get all of the federal funding, all the
15 non-power federal funding that we had, or you could
16 go back and try to get federal funding just for weed
17 control, just for mosquito control, or just for
18 particular kinds of things, which some of the
19 political folks told me that might be more easy to
20 obtain on a program-by-program basis rather than as
21 a bucket full of funds?

22 MR. JIM CREIGHTON: Let me go through
23 a couple of procedure things as we start into
24 deliberations. First of all, you probably -- I
25 think everybody has noted, but the way to get called

1 on is to put your tent on end. That's very helpful
2 from up here, because particularly people over here,
3 it's hard to see hands sometimes.

4 We will try to take them in the order
5 they go up. I don't have any claims to
6 infallibility on that, but we will make an effort at
7 that. Sometimes in desperation when they are all
8 up, I'll just say, let's go around in a circle.

9 The other thing I want to point out
10 is the public comment on this particular issue
11 occurred at the last meeting. Those of you looking
12 at the agenda and seeing public comment period
13 appearing in this meeting being after our
14 deliberations will say, hey, that doesn't make any
15 sense. The public should have a chance -- a crack
16 at us beforehand. Well, in fact, the public did
17 have a crack at us beforehand, but it was in the
18 January meeting.

19 I will point out that there are a
20 couple of communications from Marty Marina from the
21 Conservation League that are on your desk that are
22 additional comments that have been received since
23 that pertain, one of them all and the other in part,
24 to this, but that's -- just wanted to make that
25 logic clear, that there has been a public comment

1 period on the aquatic plant management issue.

2 The final thing I want to talk about
3 before we launch is the goal here, I remind you, is
4 consensus agreement, and I know some people are
5 chaffing at that just a bit. Let me remind you of
6 the rationale, kind of three.

7 One is from TVA's perspective, if you
8 come in and say, about eight to seven we agree on
9 something or another, the TVA board will say, well,
10 that's strictly an artifact of composition of the
11 committee, that really leaves us -- gives us no
12 guidance, or conversely, from your perspective has
13 very little impact. All it tells the board is
14 you're bitterly divided and they have to make up
15 their own mind and they haven't got any winners
16 anyhow.

17 So part of the logic of shooting for
18 consensus is it gives you more -- if you can achieve
19 a consensus, it has a much greater impact on the
20 board. From TVA's perspective it gives them
21 something that's useful that you've helped resolve
22 the level of conflict.

23 From having watched a lot of advisory
24 committees, the other -- for me the most compelling
25 reason is that the consensus approach forces you to

1 have to deal with each other. You have got going on
2 in Congress a thing right now on the budgets where
3 you are able to go in in the House and everybody can
4 vote in two days amazingly and the House has made a
5 decision. Well, that didn't require a great deal of
6 thought.

7 The Senate is going to be a darn
8 sight more interesting because with a 50/50 vote,
9 they have to deal with each other. So the consensus
10 rule here is in part the same logic, which is that
11 the reason for consensus is so you have to talk to
12 each other, you have to learn. There has to be some
13 dialogue. There has to be effort to accommodate.

14 We do have the escape clause that, if
15 by consensus, you decide you're going to have to
16 vote, we can do that. I have to contest, I
17 personally feel that's -- from my end it's sort of
18 like hitting a failure if we have to do that,
19 because I have had the experience of that force to
20 move towards consensus not being a very useful
21 thing.

22 Bruce has instructed me to be
23 forceful in running the meeting. I want to be clear
24 that I am entirely neutral on the outcome. I am
25 probably not neutral in the sense that I would like

1 there to be an outcome. So if I get aggressive, it
2 is usually on behalf of there being an outcome, not
3 caring what the outcome is, just that there is one.

4 Miles, it looks like you're ready to
5 shoot.

6 MS. MILES MENNELL: I just want to
7 ask for some clarification or just make a comment.
8 I think that this is really masterfully done and it
9 seems to be a masterful compromise.

10 The concern that I have is in the
11 last paragraph, which is something that Jimmy spoke
12 to. You have done a time specific on that of two
13 years, that also concerns me. I understand, and I
14 just want the committee to address this, please, I
15 understand the need possibly for having an ending
16 time when we need to go forward into some other
17 effort, but I'm not sure the two years doesn't hit
18 us in the foot. I don't think we can predict what's
19 going to happen in two years and I would like to
20 address that.

21 Would a compromise there possibly be
22 that in two years we need to reevaluate, but I hate
23 to see us shoot ourselves -- or in terms of my local
24 governments, put that kind of constraint on them,
25 because the people I represent feel very strongly

1 that this particular issue is something that needs
2 to be funded by TVA and/or through federal
3 appropriations. So the two years raises lots of red
4 flags for me.

5 MR. JIM CREIGHTON: Austin?

6 MR. AUSTIN CARROLL: I think AI was
7 one of the ones that insisted that we have a, you
8 know, a sunset date in there for the weed control
9 program. And after having visited Washington, I
10 have softened my thinking a little bit relative to
11 what I heard about appropriations, and I would agree
12 with Miles, that prior to the end of 2002 TVA should
13 reevaluate the possibility or feasibility of
14 obtaining federal appropriations and, you know, kind
15 of move forward accordingly or come back to the
16 Council or whatever might be in existence at the
17 time.

18 MR. JIM CREIGHTON: I gather what's
19 kind of driving you, in principle you don't think
20 ratepayers ought to be paying, but you're sort of
21 dealing with the reality that by 2002 you don't see
22 any federal money.

23 MR. AUSTIN CARROLL: Well, I'm not
24 saying it's impossible, but you have got to deal
25 with political reality, and I think that we need to

1 leave ourselves some wiggle room there to continue
2 if we need to.

3 MR. JIM CREIGHTON: Roger, did you --

4 SENATOR ROGER BEDFORD: Thank you
5 very much, Jim. I too want to say I'm very pleased
6 with the overall scope of the recommendation. I can
7 tell a lot of hard work has gone into it by the
8 subcommittee.

9 I have two points. One in the next
10 to the last paragraph, I think it's a little strong
11 to say it's an unjust cost to the ratepayers to have
12 to do plant management, because, you know, I can
13 make the argument that it's unjust for us to have to
14 pay for recreation ski and bass boats to lock
15 through or it's unjust for ratepayers to have to pay
16 for shoreline erosion control or dock and dam
17 improvement to one specific lock that is being borne
18 all across the Valley. So I would ask for thoughts
19 on perhaps removing the unjust with something a
20 little milder.

21 But I feel very strongly that aquatic
22 plant management is, in fact, a federal
23 responsibility because it's a benefit to the entire
24 waterway. And to say that if we're going to end it
25 in 2002, I think is, A, not realistic to what the

1 options ought to be, and I would urge the Council to
2 consider maybe coming to a consensus on if we're
3 going to call for an entire study, such as was done
4 ten years ago, that we ask them in that study to
5 make recommendations.

6 I think seeking voluntary
7 partnerships is important and something that I
8 support as far as cost sharing and things like that,
9 but just to say that we're going to arbitrarily stop
10 this program that everyone has depended on within a
11 year, quite frankly, is not very realistic nor
12 within the long-range solutions of what this Council
13 is trying to seek.

14 Thank you.

15 MR. JIM CREIGHTON: So, as a matter
16 of philosophy, you're not buying the strength of
17 this statement that ratepayers should not pay,
18 either that or there's a lot of things they
19 shouldn't be paying for and they are and why is this
20 one being singled out?

21 SENATOR ROGER BEDFORD: Yes, sir.

22 MR. JIM CREIGHTON: Oh, yeah, I did
23 see yours up first. We'll go Bruce and then hers.

24 MR. BRUCE SHUPP: Three points I'd
25 just like to throw out for your consideration. One

1 is that this is a very, very unique experience --
2 situation that TVA is in here, very unique. You
3 have got federal water with no appropriations and
4 nobody has defined where the ratepayers stand in
5 this or where the local people stand in this. It's
6 never been done before, that I am aware of, this
7 responsibility transfer that we're trying to do.

8 Number two is that the Council has
9 already produced 95 percent of a policy that as
10 Roger said is a pretty good job and it gives
11 direction to TVA. I mean, if we didn't talk about
12 funding at all, I think we give direction to TVA for
13 how to lead the problem-solving part of the
14 vegetation management situation.

15 The funding is the final step, but I
16 think we may be trying too hard as an advisory
17 committee. I think we're trying too hard as an
18 advisory committee to solve a very difficult problem
19 that no one has solved in the past, and I think
20 maybe our role should be much more simple than that.
21 It should state that it is a federal water. We
22 think there are federal responsibilities, and we
23 would urge TVA to get additional federal funding,
24 and that we think it would be wise for the local
25 residents to contribute toward a partnership

1 relationship with TVA to ensure long-term funding
2 and to ensure that that long-term partnership may
3 occur.

4 I don't think we should set time
5 frames, and I don't think we should give mandates on
6 when they should terminate if partnerships can't be
7 achieved. But I think we should tell TVA, it is
8 your responsibility, number one. You should try to
9 get some federal money because that would be very
10 appropriate, and it would be a good idea for both
11 the residents and for TVA if you could work out a
12 partnership agreement. With that kind of guidance,
13 it's up to TVA's very skilled people to achieve
14 those things, and I think if we could do that we
15 would go a long way to giving them a workable
16 policy.

17 MR. JIM CREIGHTON: Herman?

18 MR. HERMAN MORRIS: I want to commend
19 the group that worked up the policy. It also
20 appears excellent in my view as well. The one I
21 have -- I differ with a couple of comments, and I
22 guess that's what consensus is about, you get it all
23 out on the table.

24 In my view the -- one of the more
25 excellent aspects of the proposed documents is

1 unjust because I think it is unjust, certainly
2 inequitable in terms of the way this issue is being
3 dealt with, and I think there seems to be consensus
4 on that, if other federal waters are absorbing the
5 cost in the federal budgets and it's being posed on
6 ratepayers here in the Tennessee Valley.

7 I also think, just to be very candid,
8 there aren't a lot of folks in Shelby County or the
9 ratepayers that I serve that get a whole lot for the
10 100 and some odd -- \$120,000 a year they would
11 contribute to controlling weeds for waterfront
12 properties of persons living remote from them. So I
13 think that too is unjust.

14 In the spirit of trying to seek
15 consensus, it seems to me it would be appropriate to
16 expect or recommend that if you can't get federal
17 appropriation immediately or get TVA's immediate
18 succession of funding this, that you ramp it down,
19 pretty much the way the appropriated budget was
20 ramped down. That seems to be a strategy that
21 works.

22 If you ramp it down and keep the 2002
23 year and cut it by 50 percent a year, give the other
24 stakeholders and interested parties, whether they're
25 homeowners that benefit directly or whether they are

1 the cities or counties or whoever the taxing
2 agencies are, that if there are any that get
3 property tax benefits for those homes, but that we
4 allow time for others to step in and feel the
5 funding gap on this very important aspect of
6 enjoying the Tennessee River.

7 And similarly, I would suggest that
8 we would add some language to not just state that
9 it's unjust but to add a sense of encouragement and
10 urgency to the federal government stepping in and
11 picking up its share in a more expedited manner.

12 MR. JIM CREIGHTON: Okay. I saw Al
13 first and then Stephen.

14 MR. AL MANN: I kind of agree with
15 what you said -- I mean, what Bruce said in the last
16 statement. And Herman has a point, too, I agree
17 with.

18 Basically I thought Bruce said it
19 very well in the last statement he made. Basically
20 I like what you did. I mean, I have no complaints
21 with this, but I do see time frame and the word
22 unjust probably should be modified a little bit.
23 Overall, I don't have a problem with it.

24 MR. JIM CREIGHTON: Stephen?

25 DR. STEPHEN SMITH: As a member of

1 the subcommittee we've talked a lot about this. And
2 I think I want to concur with much of what's going
3 on here, focusing in on these two things, and I
4 think that -- but I think Roger has a good point
5 that we need not to lose, that this is one of the
6 first issues that is coming up before the Council
7 that shows a need for us to grapple with some of the
8 finances, and there are a whole host of things that
9 could be viewed as unjust.

10 I firmly believe in cost-sharing and
11 was a strong advocate on the subcommittee in doing
12 that and firmly believe in the federal funding, but
13 I think though it's going to be inappropriate, in my
14 opinion, for us to begin to take the decision that
15 ratepayers don't have some sort of responsibility
16 here.

17 I mean, clearly it's a federal role,
18 but given the realities that we don't have it, the
19 fact that there's concrete slabs in the river have
20 completely changed the dynamics of the river. It
21 changes the whole ecology and it creates the
22 opportunity for these weeds to take place. We no
23 longer have a Tennessee River anymore, it's a series
24 of reservoirs, and there is tremendous benefit that
25 flows.

1 And Herman, I appreciate what you're
2 saying, but the people in Memphis get low cost
3 hydropower because those slabs are in the river, and
4 therefore, they have a responsibility for how that
5 river is managed.

6 So I don't think that -- the fact
7 that we don't have federal funding, I don't think
8 that TVA can just completely walk away from it
9 because there are benefits that flow in a whole host
10 of different ways and those benefits then incur
11 responsibilities.

12 So I'm eager to find a compromise
13 here that deals with cost share, but I'm
14 uncomfortable with the -- if unjust is focused on
15 the fact that we're going to begin to sort of single
16 out all of the different responsibilities that we
17 have as a stewardship council and the benefits that
18 flow completely change the ecology of that river,
19 and that's what's happened.

20 MR. JIM CREIGHTON: Bruce?

21 MR. BRUCE SHUPP: I just want to
22 comment on two of Herman's points. I think they
23 were good points. When that unjust word was put in
24 there, I agreed with it the way it was written
25 because it talks about double jeopardy, double

1 dipping, it says they are paying for the control
2 twice.

3 Then I thought about it and I could
4 go back to what Roger said and what Steve was
5 referring to, that we, as a Council, are going to
6 make recommendations that will charge ratepayers
7 with other things, too, and therefore, the
8 recommendations that we make that do that are no
9 different for whether it's lake level management or
10 whether it's increased shoreline protection or
11 whether it's weed control. We're doing that and we
12 have to be very careful that we don't be called
13 inconsistent on how we make these recommendations.
14 So that's one point.

15 The second point is the ramping down,
16 as you suggested, that sounds good except that the
17 resource impacts of 20,000 acres of vegetation,
18 which tops out and makes navigation impossible on a
19 60,000 acre reservoir, precludes that ramping down.
20 You just can't threaten the economic well-being of
21 the entire community, which is 70 miles long, and so
22 that -- I don't think TVA could make that threat and
23 survive politically with that type of approach. It
24 sounds good but I don't think you could get away
25 with it.

1 MR. JIM CREIGHTON: Herman?

2 MR. HERMAN MORRIS: I really do
3 appreciate the -- participating in the dialogue and
4 the exchange of perspectives and views. It
5 certainly is enlightening to me. And I apologize if
6 I was -- if I suggested that the people in Memphis
7 should not pay a fair rate and a low rate just as
8 all the other people in the rest of the Tennessee
9 Valley receive TVA power pay, but I don't apologize
10 for suggesting that the people in Memphis who live,
11 in some cases, several hundred miles from the river
12 front or reservoir front where the vegetation is
13 should pay more and get less. That's, in effect,
14 what's happening because we enjoy none of the
15 benefits of those beautiful visitors as the
16 individuals who live adjacent to it and have the
17 homes adjacent to it and are most immediately
18 impacted by the vegetation.

19 My suggestion was that it ought to be
20 ramped down, and I think that's a good approach,
21 others might not agree, that there ought to be
22 strong invitation to others, including the persons
23 who own the property that get the most immediate
24 benefit to step in and fill that breach, and that if
25 there is a taxing agency, that -- whether it's city

1 or county or others, that they should step in as
2 well.

3 Certainly the federal government, if
4 it is performing that role in lieu of all of the
5 above in every other jurisdiction and on every other
6 waterway, it's not being equitable or it's being
7 unjust to the entire Tennessee Valley if it's
8 refusing to do it in our case, but certainly a
9 recommendation that says we don't like it but you
10 ought to do something is not going to carry the
11 steam or impact.

12 And I'm not sure that I would feel
13 comfortable supporting it if it did not point out
14 that there are others who are getting immediate
15 benefit that are not at least challenged to step up
16 and contribute something to maintaining the
17 beautiful vistas and waterways in front of the
18 locations where they've decided to build their
19 homes.

20 MR. JIM CREIGHTON: Lee, did you want
21 to jump in?

22 MR. LEE BAKER: Yeah, Jim. I have
23 got to speak in support of Herman. I wonder -- two
24 things came to my mind, and I don't know that much
25 about weeds, so I asked the committee. Are we

1 suggesting or is it being suggested that weeds never
2 form in normal rivers, that they only form in rivers
3 that have dams and hydro plants on them? I would be
4 curious as to whether that's an accurate statement
5 that Stephen made.

6 The other question is what would the
7 recommendation of the committee be if there were no
8 ratepayers, because it seems to me that, you know,
9 they are the one group in this that I am
10 uncomfortable just saying, well, the good old
11 ratepayers. We just went through an extremely cold
12 winter. We had a lot of people that couldn't afford
13 to pay their utility bills. We had of a lot of
14 complaints, and I'm very concerned on this issue,
15 and all the rest of the issues that the ratepayer
16 becomes the payer of default.

17 I think somebody somewhere has got to
18 take their side, and I want to come down on that
19 side personally and I -- it is a bit objectionable
20 to me when the people who do directly benefit on
21 this issue or any other issue sit back and say,
22 well, you know, we benefit, but we're not going to
23 pay one stinking penny. My experience has been, you
24 know, when the people who don't pay can call the
25 shots, I can assure you they can spend in -- and

1 this would be me and you, you know, we can spend any
2 amount of money that somebody else can lay up on the
3 table.

4 When my kids went to school we agreed
5 that it would be 60/40. Dad would pay 60 percent
6 and they would pay 40 percent. I can assure you
7 they had a vested interest in what classes they took
8 and what grades they made. Without that, when I
9 went to school, I saw dads that were funding
10 everything and I saw kids wasting their time and not
11 being good stewards of the money and their time.

12 So it seems to me that participation
13 at the level where they benefit is not -- is not a
14 bad idea. I think it's a good idea in some amount.
15 And what would you do if you didn't have the money,
16 that's exactly what you would do, you would ramp it
17 down. If you can't pay for it, you don't buy it.

18 I'm going to fall on the side of the
19 ratepayers. I think before we get started down that
20 slippery slope of saying, well, they are the payers
21 of last resort, somebody needs to speak up for them,
22 and that's the side I stand on.

23 MR. JIM CREIGHTON: Greer, and then
24 Ann.

25 MR. GREER TIDWELL: Thanks, Jim. It

1 seems to me that in the process of building a
2 consensus we've really got two tissues here. One is
3 dealing with the moral weight that goes along with
4 the word of unjust, because there's sort of a moral
5 weight with what, and perhaps to pick Mr. Morris'
6 term, inequitable is a more just sort of directly
7 financially related word, and I would offer that as
8 a consensus opportunity.

9 And then to define the consensus
10 building issue with the other, it's a matter of how
11 do you keep the feet to the fire when we're dealing
12 with a government that we know can work so slowly in
13 addressing a real issue, and I don't have the answer
14 for that one. I will propose the answer is swapping
15 inequitable in for unjust, on the other one just
16 define the issue.

17 MR. JIM CREIGHTON: Ann?

18 MS. ANN COULTER: First of all, I
19 want to say I think this is a very well considered
20 and judicious statement, and I really and truly
21 appreciate the work that the subcommittee has done.
22 Having dealt yesterday in that, we keep coming back
23 to -- the heart of some of the issues get back to
24 the same thing. So I can appreciate in the
25 discussions we had what it took to get here.

1 I also agree with Bruce's statement
2 that having outlined what seems to be a very good
3 approach to resolving this issue long-term among the
4 stakeholders, that that may be a good stopping
5 point, and that's the first two paragraphs, because
6 I think should this move forward and this kind of a
7 process begin with the stakeholder involvement and
8 so forth, that with TVA taking leadership role an
9 bringing those stakeholders together, then maybe the
10 best place to resolve any particular deadline is in
11 the work of that -- those stakeholders. So I think
12 we may be, as Bruce suggested, a little bit too
13 concerned with the exact wording in those last two
14 paragraphs.

15 Having said that, I do think there
16 are some issues that we're going to be dealing with
17 from here on out that are contained in those last
18 two paragraphs. Several people have spoken to this,
19 Greer, just a moment ago, that I think it's equally
20 wrong to say that ratepayers should pay none of the
21 costs of the stewardship programs, as it is to say
22 that they should pay all of the costs.

23 So I think there are some equitable
24 form, there's some -- there is some reasonable place
25 on that continuum that may -- that may be different

1 for different issues. So I agree with the
2 suggestion of a word that recognizes some more
3 common ground that we could all agree with, because
4 I think that issue is going to come up again and
5 again.

6 I also don't have a strong feeling
7 about the deadline. I think that is something that
8 once the process begins with the stakeholders, they
9 need to have some flexibility in terms of how that
10 goes forward. I do think, however, that a deadline
11 tends to make all the parties get a little bit more
12 serious and creative about coming to a solution.

13 There is something also in the last
14 paragraph that I -- that got my attention; and that
15 is, that the recommendation says, I believe it's in
16 the next to the last sentence, should work with all
17 stakeholders to aggressively seek federal funding
18 for this and all other non-power stewardship
19 activities, I merely suggest that that latter
20 statement may be a little bit premature in that we
21 have not really begun to discuss all of the other
22 non-power stewardship activities and what, in those
23 particular cases, the solutions may be for funding.

24 But even with those latter concerns,
25 I'm comfortable that the policy that's outlined in

1 the first two paragraphs sets up a way for more
2 detailed and gutsy sort of decisions that will have
3 to be made and maybe the way we ought to go forward.

4 MR. JIM CREIGHTON: Roger and Bruce,
5 and then I want a minute to try to pull some stuff
6 together.

7 Roger?

8 SENATOR ROGER BEDFORD: Thank you,
9 Jim. I want to echo, I think that may be a better
10 approach to it, and perhaps in the time line the
11 recommendation is that TVA develop a time line, if
12 you're going have one, as part of their
13 recommendation, that they come forward with that.

14 I know right now we're preparing to
15 write the 2002 budget in Alabama, but we're already
16 looking at '03 and '04 to see how our cash flows and
17 projected expenditures are going.

18 I would also say this, too, we bring
19 up a good point about, you know, why should
20 philosophically someone in Memphis be concerned
21 about the weeds in Guntersville, but if we take that
22 philosophical road to its conclusion, you know, why
23 should I care if somebody has got shoreline erosion
24 or they don't have economic development or a barge
25 can't get up the river because it's full because

1 that doesn't bother where I live, in the heart and
2 substance of this is the integrated nature of the
3 problem we wrestle with.

4 And I say that philosophical thing to
5 say this, suppose this committee said, for instance,
6 we expect you to start paying for it. Well, there
7 is no practical way to do that. I mean, how are you
8 going to tell the people of Guntersville what kind
9 of property tax you're going to come up with, or
10 Chattanooga, how much are you going to have to start
11 paying for the additional flood control that is
12 provided to you by that dam there? And as the weeds
13 spread up to Chickamauga and down to Pickwick, you
14 know, how do you say, well, you owe this much of the
15 dollar?

16 I think that is the type of micro
17 management that would not be what TVA would look for
18 from this committee. I think we are charged with
19 more of the bigger picture, the longer range
20 solution, and where we can fine tune, to fine tune
21 by consensus.

22 So I would just share that, that if
23 I'm to say that it's unjust for the ratepayers to
24 pay for weed control in Guntersville, then am I
25 correct to say that it's unjust for the barges not

1 to pay to clean up the weeds so they can go up the
2 river, and it's unjust for the person who wants to
3 go out on their pontoon boat not to pay for the
4 weeds to go out, okay, and then how much am I going
5 to charge you, how am I going to collect it, and
6 what am I going to do if you don't pay for it? So
7 those are the type of problems we get into if we try
8 to micro manage a broader issue.

9 Thank you.

10 MR. BRUCE SHUPP: I just want to
11 comment on Ann's deadline issue. I'm not suggesting
12 that it wouldn't be very prudent for TVA to
13 negotiate with local governments and say that we
14 would like to in the next five years figure out a
15 way to get some contributing funding to this.

16 What I'm saying is I don't think it's
17 appropriate for this Council to dictate what that
18 time line should be and to tell TVA they must
19 negotiate or they have to cut down on the weed
20 control. I just think that's an effective
21 negotiating tool for TVA to employ, but it's not our
22 role to tell them to do that.

23 MR. JIM CREIGHTON: Listening to the
24 comments. I'm like Greer, I heard two primary
25 issues, and I would kind of like to review them and

1 then take them one at a time, because each
2 presentation covers both, and I think that's a
3 harder way to get at a resolution.

4 The first one is the philosophical
5 question. To kind of summarize the argument as I am
6 hearing it is, we all agree it's a public good,
7 there's a benefit that's being served, and the
8 question is how to pay for it. Every time you get
9 into that the question it is, do you allocate that
10 to the direct beneficiaries, those people that live
11 around there, or is it serving some kind of a
12 regional benefit or is it serving some kind of
13 national benefit, and that argument goes on and on
14 and on.

15 At a local level one of the problems
16 is there is no mechanism really for collecting that
17 one. Regional ratepayers is a way of allocating the
18 cost to the region. That really is what it's doing,
19 whether it's through paying your electric bill or
20 paying your taxes. What giving it to the ratepayer
21 does is it says, you, the region, should bear this
22 cost.

23 And the point's being made in here
24 that on all other aquatic weed programs that cost is
25 not allocated to the region, it's allocated to the

1 nation, and that, in fact, this region pays taxes
2 that helps support aquatic plant programs in other
3 parts of the nation.

4 It strikes me that a potential
5 resolution for the philosophical issue is that the
6 inequity, if there is one, is that the cost -- this
7 region is uniquely being asked to pay for aquatic
8 plant management while other portions of the nation
9 are using a funding mechanism that allocates the
10 cost nationally.

11 I would suggest though that a way of
12 finessing it is rather than getting into whether
13 it's unjust or inappropriate or inequitable or so on
14 is turn it the other way, which is to say, we
15 believe it's more appropriate to concentrate -- to
16 look at national funding mechanisms that make this
17 region be on a par with other regions so that
18 whatever level of other federal funding is occurring
19 in other regions of the nation should also be
20 allocated, and therefore, the funding mechanism
21 should correspond with or match with that.

22 Let me stop and check. There's two
23 other issues, but I was trying to pull it together
24 and summarize it. It struck me that the problem
25 with the ratepayer thing is that it makes this

1 region uniquely pay for it instead of the nation,
2 and you're saying part of the inequity is that
3 everybody else in the country, it's part of the
4 national, is that getting at it?

5 MR. BRUCE SHUPP: That gets at the
6 same -- let's assume that that would be an
7 acceptable solution and the Congress says, yes, we
8 will fund TVA to do weed control in their system at
9 the same level we fund the Corps to do theirs, which
10 would then mean for the program like Guntersville or
11 Chickamauga, as I understand it, Chickamauga, I
12 think, is almost all residential treatment, so that
13 would be local payment, which it is now, there's
14 local contributions. Guntersville is about 50/50.
15 If you say that the Corps' money covered by
16 50 percent and the other 50 percent is residential,
17 we still haven't solved that portion of it.

18 How does TVA equitably treat that
19 residential area, if the residential area wants
20 treatment, and how do we get them to recognize that
21 they have some responsibility?

22 MR. JIM CREIGHTON: Let me check. We
23 have made progress though if we agree that the
24 federal government responsibility to this region
25 should be comparable to the federal government

1 responsibility to the rest of the nation, that, in
2 itself, represents one level of progress.

3 Is there an agreement on that? Is
4 that a principle?

5 Phil?

6 MR. PHIL COMER: Several people have
7 commented that, you know, all of the rest of the
8 United States somehow the federal government pays
9 part or all of the weed control just to take -- this
10 is what we're talking about, I seriously question
11 that. And I don't think that's a given personally.
12 And therefore, I would like to say that somehow we
13 ought to find that out factually rather than just
14 assuming that that's the case in the rest of the
15 United States.

16 I happen to believe in a very small
17 way, in a state I lived in up north for a while,
18 that certain investor-owned utilities did have a
19 weed control problem and they paid for it out of
20 their own ratepayers' revenue, and there was no
21 contribution by the federal government to maintain
22 that weed control.

23 Now, the size of the problem that I
24 happen to be familiar with in Pennsylvania is
25 nowhere comparable to Guntersville. I mean,

1 Guntersville is an enormous problem size-wise by
2 comparison, but in terms of principle or in theory,
3 I can assure that to a lesser degree of a problem,
4 that in principle it's the same, the weed control
5 problem does exist in many other reservoirs and the
6 ratepayers pay for it. So I don't like this
7 assumption we're getting into that everywhere else
8 in the United States the federal government pays for
9 this. I don't believe they do.

10 MR. JIM CREIGHTON: Just to
11 summarize, a part of the point you're making, Phil,
12 is there's two models out there. One model is what
13 the federal government is and we need -- Bruce says
14 he has some factual information on that, but you're
15 saying the other model is what happens in areas
16 where the lake is investor owned -- created by
17 investor-owned projects, in which case you believe
18 the investor-owned utility pays 100 percent and you
19 believe that's more appropriate, given the magnitude
20 of the problem here.

21 MR. PHIL COMER: I didn't say it was
22 more appropriate. I'm just pointing out that I
23 believe it's another way. I'm not making a
24 judgmental statement at all.

25 MR. JIM CREIGHTON: But you're saying

1 there are two models, one --

2 MR. BRUCE SHUPP: You're absolutely
3 right, Phil, absolutely right. If our graphic
4 misled anybody, we certainly apologize for that, but
5 there are -- the Colorado River, the Sadeen River
6 with the huge reservoir, Toledo Bend, and so forth
7 downstream Texas, those are river authorities that
8 raise their own funding to pay for those -- they
9 have some massive programs there, too.

10 They also get some assistance from
11 the states and then there's -- it's about like this
12 situation, you know, like who is on first base, who
13 is in charge, and they argue about it. It's not
14 clear cut.

15 There are programs though with BOR
16 and BOM, particularly in the west where they control
17 the entire waterway and are sole purveyors of weed
18 control, in many cases they have to do that so the
19 water can move their systems for irrigation
20 purposes. They have massive weed control programs.
21 So, yeah, there are different ways. Private
22 utilities pay 100 percent in some cases and they
23 cost share in others. There's no model to go by.

24 MR. JIM CREIGHTON: The regional
25 authorities are essentially a way of allocating cost

1 to a region?

2 MR. BRUCE SHUPP: Exactly.

3 MR. JIM CREIGHTON: Herman?

4 MR. HERMAN MORRIS: I would agree

5 with the suggestion that it might be worthwhile.

6 Before we roll out a blanket statement that we're

7 not sure of, that in all other places the federal

8 government assumes that cost, that we have at least

9 some certainty that in other places that the federal

10 government does, although, it might not be all

11 others, and that we at least ought to be treated

12 with some equitable consideration in regard to that.

13 The other observation I would make is

14 that my understanding of the way -- my limited

15 knowledge of how investor-owned utilities work is

16 that probably if they roll that into their -- into

17 their rates, at some point the owners paid for it,

18 the shareholders as it reduced the returns that was

19 available, I would expect, to be paid to the

20 ultimate owners. What we're suggesting is somewhat

21 similar to that, in that if the owner is the federal

22 government, then they ought to pay for that -- that

23 benefit, and I guess I subscribe to that.

24 But I also feel for some residents

25 with the comment that was made earlier, and I don't

1 recall who made it, that there ought to be some
2 sense of responsibility if I have got a house that
3 abuts the lake and it has weeds and I'm getting the
4 immediate and direct benefit or if I have got a
5 community or county that abuts the lake and I'm
6 getting the benefit from whatever revenues
7 recreational or the other facilities brings into our
8 locale, then I ought to contribute something to the
9 maintenance of it since I'm presumably deriving some
10 benefit from it.

11 MR. JIM CREIGHTON: Phil?

12 MR. PHIL COMER: Herman, just to pick
13 up on your very last statement there, this is
14 opening Pandora's box.

15 MR. JIM CREIGHTON: An unfamiliar
16 role for you.

17 MR. PHIL COMER: In which all of
18 mankind's miseries were dumped, then the only thing
19 that was left in the box was hope.

20 If we're going to pursue that
21 philosophy, Herman, then we have to turn to the City
22 of Chattanooga and the residents of Chattanooga who
23 enjoy 138 million dollar per year average flood
24 control abatement avoidance program, they could pay
25 for this whole thing, and a lot of other things that

1 will be coming up later.

2 They are the -- they are the
3 beneficiaries, Herman, of 85 percent of the, quote,
4 flood control efforts that TVA, of course, is
5 clearly responsible for. I say clearly responsible
6 for, whether they did or did not build the eight
7 dikes that they should have built back in the '30s
8 and '40s and didn't, but the statements -- the facts
9 from TVA are that the people of Chattanooga enjoy
10 the avoidance of 138 million dollars a year of what
11 otherwise would be flood damage. That's a pretty
12 big number. It will pay for a lot of weed control
13 and some other things that I can think of.

14 MR. HERMAN MORRIS: Well, just I'm --
15 I would give that consideration. I'm not sure I
16 wouldn't agree with that.

17 MR. PHIL COMER: Thank you.

18 MR. HERMAN MORRIS: I certainly would
19 agree with a philosophy of suggesting that the
20 community ought to -- if it's enjoying that kind of
21 benefit, that it ought to contribute something to
22 the greater whole than a community that's remote
23 from that immediate benefit. There ought to be some
24 kind --

25 MR. PHIL COMER: Or providing that

1 benefit.

2 MR. HERMAN MORRIS: Well, maybe we
3 could ramp it down or ramp it up and transition it,
4 but from my perspective, I'm not sure that that's
5 not a long-term, reasonable, and practical approach.

6 MR. JIM CREIGHTON: Stephen?

7 DR. STEPHEN SMITH: Well, I'm just --
8 I mean, I'm, again, sort of concurring that we can
9 get on a slippery slope here, and, you know, one of
10 the things that you could theoretically start doing
11 is, you know, a significant amount of the barge
12 traffic on the Tennessee River is bringing coal up
13 to the coal-fired power plants. So let's start
14 charging an additional fee for the whole river in
15 order to haul that coal up to help run those
16 coal-fired power plants.

17 I mean, you know, there's just -- you
18 are potentially on a very slippery slope here where
19 you want to try to disaggregate this system and
20 begin to start assigning cost sharing to all of the
21 different components. And some of them have very
22 direct benefits, and then some of them, well, you
23 can actually try to create a financial money trail,
24 and then some of them are -- back to some of the
25 points that I feel very strongly about, some of them

1 are just responsibilities we have so that we don't,
2 in essence, turn what was a river into nothing more
3 than a super highway, you know, to move cargo or
4 whatever and it becomes biologically dead because
5 nobody wants to pay for anything to take care of it.

6 I mean, where are we going here?

7 MR. JIM CREIGHTON: On the federal
8 issue, let me try ask a test question. Austin and
9 his subcommittee going up to talk to the Congressmen
10 and the Senators, what is the claim that you're
11 making to them as far as what's a federal
12 responsibility versus a regional responsibility?

13 Is it comparability to all the other
14 regions of the nation or is there some other unique
15 claim that you believe this region should have?

16 Lee?

17 MR. LEE BAKER: Jim, I think it's
18 just fair treatment of what the other regions get,
19 no more, no less. I don't think we want any special
20 treatment, but we sure don't want to be treated
21 differently.

22 MR. JIM CREIGHTON: Then you still,
23 Lee, have the problem that, if Bruce is correct,
24 that still leaves you with a significant -- if
25 you've got comparability, you probably still have a

1 significant portion of this unfunded.

2 MR. LEE BAKER: Yeah, that may be so,
3 and I did move back to the positions -- and I
4 understand what Stephen is saying, you know, because
5 everybody derives a benefit, and to that extent I
6 don't disagree. If somehow or another you can
7 identify what those benefits are and proportion them
8 out, then that would be ideal. Now, how convoluted
9 that gets in trying to get it down to the nickel and
10 the penny, yeah, it would be difficult.

11 Assume we are pushed or moved to a
12 deregulated market, I can assure you Duke Power
13 Company or Southern Company that's going to try to
14 sell into this market, they are not going to have
15 this in their rate structure.

16 If I started -- if I am forced to buy
17 wholesale power or given the opportunity to buy
18 wholesale power, they are not going to have that in
19 their rate structure at all. Nothing about the
20 Tennessee River will be included in their rate
21 structure.

22 MR. JIM CREIGHTON: Roger?

23 SENATOR ROGER BEDFORD: Just two
24 quick points. One, we're not talking about raising
25 anybody's rates. It's something that's being done

1 today.

2 And secondly, if we do away with a --
3 to go down the slippery slope a little further, if
4 we're going to take away a benefit that somebody is
5 getting now and we're going to cost shift it to the
6 private sector, then how many of the utilities are
7 going to cut their rates because they no longer have
8 to pay for the weed control and how are you going to
9 enforce them to cut their rates?

10 Because if we're going to go to
11 deregulation, and you say, well, they don't have to
12 pay it, fine. What benefit are the ratepayers going
13 to get for what the private sector has to pick up?

14 MR. LEE BAKER: I would say they
15 lower their rates.

16 SENATOR ROGER BEDFORD: I bet you a
17 dollar they won't lower the rates, and I bet you you
18 can't make them lower their rates either.

19 MR. LEE BAKER: I can't agree with
20 that, Roger. There's a whole lot of effort going on
21 right now to, A, hold the rates steady or in some
22 cases, you know, there's efforts to try -- in
23 different parts to try to lower the rates to ensure
24 that your rate is competitive. If you're selling
25 into a market at some point in the future, you're

1 going to have to be competitive, whatever that
2 means, and if that means lowering your rate, that's
3 exactly what you're going to do.

4 SENATOR ROGER BEDFORD: I agree with
5 that, but what you're saying -- the argument I'm
6 making, and I know I'm going a little to the
7 extreme, but I want to show you where it goes.

8 Okay. I'm sitting in Guntersville or
9 Chickamauga or whatever and I have to start paying
10 \$2 more a year for weed control. Somebody comes by
11 and hands me a tax stamp or puts it on my bill or
12 whatever, fine.

13 How much are you going to cut the
14 rates all up and down the Valley, not just locally,
15 but all up and down the Valley because everybody all
16 up and down the Valley has been paying for my weeds
17 to be controlled? Now I am going to start paying a
18 couple of bucks a month, where is the benefit to the
19 region and then to the ratepayers?

20 MR. JIM CREIGHTON: Let me try a test
21 question. Up here we have the federal government
22 should, it seems to me there -- I have heard two
23 theories on what the federal government should do.
24 One theory is the federal government should treat
25 this region the same as it treats all the other

1 regions and should fund aquatic plant control to the
2 extent that other regions do.

3 The second argument I heard is that
4 the federal government, as the owner of this system,
5 should fund it to the same level as some of the
6 IOU's do, which is 100 percent.

7 Which statement do we want to --

8 MR. PHIL COMER: Well, one correction
9 is you keep saying that in the rest of the country
10 the federal government pays for this, and that's the
11 question I'm raising, I'm not sure that we really
12 know that. We ought to find that out before --

13 MR. LEE BAKER: And equally, I'm not
14 sure that we know that all the IOU's pay for weed
15 control either. So that's a statement that needs to
16 be tested also.

17 MR. PHIL COMER: Yes.

18 MR. LEE BAKER: And how much?

19 MR. JIM CREIGHTON: The wording on
20 the federal government, I think, was to remain
21 comparable to other regions, and that leaves -- that
22 begs the questions to whether that's 100 percent or
23 it's 50 percent or 25 percent. It's an equity
24 argument you're making.

25 The difference I see is one is simply

1 an equity with other regions, and the second one is
2 that you believe there's some special claim you can
3 make because it's a federally operated system, that
4 it should be, therefore, a federally funded weed
5 control.

6 I'm not arguing for one or the other,
7 I'm just trying to clarify and ask which of those
8 statements we should have up there in terms of what
9 the federal government should do.

10 So one would be something about the
11 federal government should provide funding comparable
12 to what it does in the rest of the nation. The
13 other is the federal government, as the
14 owner/operator of the system, should provide full
15 funding for aquatic plant management.

16 MR. PHIL COMER: Do you realize we're
17 talking about 12 cents per year per ratepayer for
18 this weed control on Guntersville lake, 12 cents per
19 year?

20 MR. JIMMY BARNETT: That's 12 cents
21 per year at current funding levels, and that's -- of
22 course, the weed control problem can go up and down,
23 given the weather. If it's wet, it's one thing. If
24 it's dry, it's another thing. It's critical right
25 now.

1 Jim, when he posed his question, I'm
2 sitting here, oh, I think it's equity now. I also
3 think, man, I hate to go to Congress and say I want
4 exactly something. I want to ask for more than I
5 would accept because that way I get something maybe,
6 I'm -- the reason I'm sitting here debating is that
7 I hate to ask for less than what we want. However,
8 I do believe in equity, and I am probably leaning in
9 that direction.

10 As far as the rest of the country,
11 Bruce and I have talked about some areas where the
12 investors do do it and some areas where the Corps
13 does it. I've talked with the Corps personnel that
14 probably knows as much about it as anybody, I was
15 told by his superior, and we talked -- their funding
16 has been cut drastically for this same kind of
17 thing, drastically, and he's -- he would be all for
18 us getting someone to go up from Congress and try to
19 get another three million dollars for the Corps, and
20 they would be glad to give us a million and a half
21 because they would get a million and a half, too.
22 It's sort of a partnership kind of thing, and that's
23 the way politics works in a lot of cases.

24 So I guess, Jim, my comment, I'm
25 sitting here listening to the discussion and I have

1 changed my mind six times. I mean, everybody has
2 good arguments, and I appreciate your eloquence.

3 Of course, I'm a dyed-in-the-wool
4 power supplier, and I agree with Herman over there.
5 Also, I have got a water plant on the river, and the
6 river is common to our area, and, Herman, you're
7 part of our area and you get some benefit out of
8 that, I don't -- you just do. So, I guess, I would
9 say equity, I mean, that's my bottom line. That's
10 where my heart is, I guess.

11 MR. JIM CREIGHTON: Austin?

12 MR. AUSTIN CARROLL: Well, I'm a
13 power supplier, too, and I represent my ratepayers.
14 And, you know, just the reality check of things,
15 when you look at the big picture, you know, TVA does
16 not have a lot of friends around the country, and
17 the only friends they have are the Valley
18 Congressional Delegation here in the Valley
19 principally. There might be a few others we might
20 bring in up in the Northwest which are similar to
21 TVA, but for the most part we don't have a lot of
22 friends in Congress.

23 And when you look at the amount of
24 money that we're talking about here and if you -- I
25 mean, the reality check is that if you hack off the

1 ones that are supporting you now and they no longer
2 support you and you -- let's say you lose TVA to,
3 you know, private enterprise, and then the river
4 operations then goes to the Corps of Engineers and
5 all of a sudden you're getting 50 percent out of
6 what you used to get 100 percent out of, just like
7 that guy told us this morning, and that amount of
8 money makes 50 million dollars, which we're talking
9 about for the whole river operations, looks fairly
10 insignificant.

11 So, you know, I understand what
12 you're saying, but when you look at the amount of
13 money that we're talking about and you do a
14 political reality check, you better keep on doing it
15 until you can figure out some other method to fund
16 it. I mean, you just can't draw absolutes here.
17 It's like, let's shoot another hole in the boat to
18 let the water out because we're sinking. I mean,
19 that's just the big picture, folks.

20 MR. JIM CREIGHTON: Your argument is
21 that you would so offend some critical Congressmen
22 who are supportive of TVA by cutting off these funds
23 that as -- to fight it, as a matter of principle, is
24 foolhardy, you should just pay the 1.2 million.

25 MR. AUSTIN CARROLL: What I'm saying

1 is I feel like our ratepayers would lose in the long
2 run if we didn't -- if TVA didn't continue doing
3 this until we can, you know, muscle enough support
4 to gain those appropriations back, and I just don't
5 think you can cut it.

6 A comment was made to us a couple of
7 times that -- that the representatives or
8 Congressmen hadn't seen any appreciable downgrading
9 of TVA support for the resource programs and they
10 very much appreciated that, that TVA hadn't cut
11 that. Now, we did have a letter from the mosquito
12 people where that was cut out, but other than that
13 nobody is squealing. And, you know, I think we're
14 not in that bad of shape, and I think you have got
15 to be careful about, you know, kicking that
16 foundation.

17 MR. JIM CREIGHTON: So Paul and then
18 Miles and then Stephen. And then Bruce, I'm going
19 under the assumption that it's important enough that
20 we resolve something, that that's more crucial than
21 really some of the scheduled stuff?

22 MR. BRUCE SHUPP: I think that's
23 good, except that if we get to noon and we haven't
24 resolved it, I think we're going to have to
25 terminate and move on to lunch and get on with the

1 rest of the agenda. I don't think we can just keep
2 going, Jim.

3 MR. JIM CREIGHTON: Paul. Miles.
4 Stephen.

5 DR. PAUL TEAGUE: I'm at a bit of a
6 dilemma. I am in a position that I usually do not
7 hold; and that is, I don't know where in the hell I
8 stand on this issue.

9 But our constitution says that they
10 have the responsibility for navigation and flood
11 control. TVA was established for that purpose.
12 Power, fertilizer, a lot of other things were
13 strictly a by-product of the formation of TVA.

14 We struggle with this in our own
15 committee. We started our discussion in bold face
16 that says 26 billion dollar debt, and then we
17 started -- and we reminded each other, we must keep
18 that in mind when we make all of these decisions.
19 We're only talking about 1.2 to three million dollar
20 weed control.

21 Can you imagine what that bill is
22 going to be when we hear from every committee?

23 The lobbyists and the pork barrels
24 always say, we need to close military basis, but
25 don't close mine in Georgia, don't close mine in

1 Tennessee, don't close mine in Arizona, close
2 everybody else's.

3 We must have a reality check and
4 decide if we're going to go back to the federal
5 government to pick up the tabs for everything that
6 we recommend, where does that leave TVA?

7 If the federal government is going to
8 do it, then TVA is going to be nothing but a power
9 company if we don't -- if we don't use these funds
10 for something else. So I think it's something we
11 have to keep in mind.

12 We're talking about weeds. Can you
13 imagine what the dilemma -- can you imagine what the
14 pork barrel is going to be out there when we finish
15 our discussions on all of these issues?

16 With that, I still say I'm still
17 confused.

18 MR. JIM CREIGHTON: Miles?

19 MS. MILES MENNELL: Well, I think
20 that actually you have articulated very nicely the
21 crux of the problem, which is, in fact, an equity
22 issue. And the equity issue is, I think, defined by
23 federal appropriation.

24 So I don't think it's pork per se,
25 that's not the word I would have chosen, but I think

1 that there are all of these programs which
2 heretofore, because of the TVA Act, have been TVA's
3 traditional stewardship programs which has been
4 funded through federal appropriation.

5 Taking that, I just want to reiterate
6 what I said in the beginning, we represent local
7 governments. If we go to a cost-sharing mechanism,
8 then that cost essentially is going to be borne by
9 those local governments. I'm not saying that's fair
10 or unfair. They would say that they don't want to
11 do it, but probably there's going to have to be a
12 compromise here.

13 So I think that the federal
14 appropriation -- and I just wanted to speak to the
15 fact that, yes, I think it is an equity issue and I
16 think that what we're trying to achieve hopefully
17 for TVA, and I think all of us would agree with all
18 of these issues that we're raising, the bottom line
19 we're going to get to is federal appropriation for
20 programs which traditionally have been funded by the
21 feds and which, in fact, are TVA's traditional
22 stewardship programs.

23 MR. JIM CREIGHTON: Stephen?

24 DR. STEPHEN SMITH: I want to pick up
25 on a theme that was being thrown around, which I

1 think is important that needs to be illuminated a
2 little bit more, is that TVA -- you know, if we get
3 TVA out of doing more and more of this river
4 management stuff, then it does, it becomes nothing
5 more than a power company.

6 And I can tell you from firsthand
7 knowledge that part of the strategy in stripping
8 away the non-power funding, part of the strategy of
9 trying to disaggregate the system is to expose TVA
10 as being nothing more than a power company, and then
11 basically ask the bottom line question, what role
12 does the federal government have in the power
13 business? And then you basically say, well, let's
14 just sell this off.

15 And, you know, I'm not taking a
16 position one way or the other per se on that, and
17 there's probably different positions around the
18 room, but I think people need to be aware of it and
19 that another dimension of this slippery slope is
20 that if you strip TVA of its larger mission, you
21 feed the flames of those who want to, quote,
22 unquote, privatize TVA.

23 And if you want to do that, that's
24 fine. That's a reasonable approach. Some people
25 could argue a lot of different ways about that, but

1 that's another issue that should be on the table
2 here in this discussion.

3 The other thing I would say is sort
4 of following up on what Miles said. I think equity
5 is the goal, and I like that better than unjust
6 personally. I think it's the right word to use. I
7 think that there should be cost sharing and we
8 should strongly encourage that, but I also think
9 that TVA should -- we should basically tell TVA to
10 in the next year put a budget item in their request
11 to appropriations and let Mr. ADERHOLT, who's on the
12 appropriation committee, Mr. Cramer, let them go to
13 bat for the Agency, and it may be an interesting way
14 to sort of not getting all of the appropriations
15 back, but it may be a way of sort of, you know,
16 reexamining some of this discussion about there are
17 things to do.

18 So I would suggest that TVA keep
19 going forward somewhat like we have here but
20 actually be more proactive in actually coming up
21 with a line item request for weed control that goes
22 before appropriations and make the federal
23 government -- our federal representatives do the
24 work that they should be doing for us on this
25 particular issue.

1 MR. JIM CREIGHTON: Stephen, if I am
2 tracking your argument, I think you're saying as far
3 as what you ask the federal government to do, you're
4 probably at an option -- the first option here,
5 which is you ask for comparability with the rest of
6 the nation, but I think you're saying TVA should --
7 that TVA should continue to take some responsibility
8 for the -- as part of its original responsibility,
9 and the fact that it's not just a power company,
10 that's an argument, and I guess you would probably
11 wrap in Austin's argument as a matter of building
12 goodwill with political support.

13 DR. STEPHEN SMITH: I think that's
14 definitely part of it, but I also believe there's
15 cost-sharing components. I don't think that we
16 should necessarily, you know, stray from that. I
17 mean, you know, I have said this before, I don't
18 have tremendous sympathy personally for people who
19 have built huge homes on lakes not carrying any
20 responsibility on a lot of these fronts. So I think
21 they should be taxed to do it also. So I think you
22 can come up with a combination. Don't just walk
23 away from the program.

24 MR. BRUCE SHUPP: I want to go back
25 to the statement I made an hour ago, that we're

1 trying to hard, that we can give TVA responsible
2 guidance by telling them, No. 1, this is their
3 responsibility. No. 2, we believe there should be
4 an equitable funding strategy that includes local
5 government and federal responsibilities.

6 Let me make a suggestion for how we
7 can get there. The last page of the policy, we
8 would scratch the entire last paragraph and scratch
9 the first paragraph from the word funding, throw
10 that out, that's all gone.

11 And if you move to the first page,
12 the first paragraph under recommended policy, it
13 says, administration and implementation
14 responsibility. We could say administration,
15 implementation and financial responsibility will be
16 negotiated among local, state, and federal
17 government agencies, TVA, and other stakeholders.

18 The Council believes that there is,
19 and I don't know the exact wording of this, the
20 Council believes that there is -- that there is
21 federal responsibility for funding in this program
22 and it would be advantageous and equitable for
23 beneficiaries of the weed control program to
24 contribute to this matter.

25 That gives TVA a direction, it gives

1 them two different places to go for funding, and it
2 states equatability.

3 MR. JIM CREIGHTON: The
4 responsibility sits on TVA, but there's also --
5 there really is a federal obligation here that isn't
6 being --

7 MR. BRUCE SHUPP: Exactly. We see
8 the federal obligation.

9 MR. JIM CREIGHTON: And there is a
10 local obligation that you would encourage TVA to
11 pursue. How about it? Is that comfortable?

12 MR. LEE BAKER: Why didn't you say
13 that an hour ago?

14 MR. BRUCE SHUPP: I tried to.

15 MR. PHIL COMER: Jim, what I had
16 earlier turned my card up to say was that Bruce and
17 I had a very short meeting in the men's room a few
18 minutes ago, and he said almost that exact thing.
19 And I said, my God, if you will go back and say that
20 I believe I can support that totally and so can
21 Dr. Teague and maybe even Herman.

22 MR. MENNELL: Bruce, indulge me, just
23 say it again.

24 MR. BRUCE SHUPP: You don't want the
25 scratch part, just the wording?

1 MS. MILES MENNELL: Just give me the
2 wording, please.

3 MR. BRUCE SHUPP: The first paragraph
4 under recommended policy, administration,
5 implementation and financial responsibilities will
6 be negotiated among local, state, federal government
7 agencies, TVA, and other stakeholders. The Council
8 believes there is a strong federal responsibility
9 for funding and it would benefit the program for
10 local -- equitable local contribution from the
11 beneficiaries of the weed control, something like
12 that. I will work on it.

13 MS. MILES MENNELL: Cool.

14 MR. JIM CREIGHTON: In general, is
15 that acceptable?

16 Okay. Now, the implication of that
17 is that you removed the -- you have removed the
18 hammer of the 2002, that's gone. You have left it
19 up to TVA to figure out how to get there.

20 MR. BRUCE SHUPP: The subcommittee
21 will prepare a final draft of that and submit it to
22 all Council members for their approval for minor
23 word changes, but if we agree in concept, we will
24 get there.

25 MR. MENNELL: Cool.

1 MR. JIM CREIGHTON: Everybody buying?

2 MR. GREER TIDWELL: Understanding
3 that's taking out the going forward recommendation
4 that they do fund as they have for the last two
5 years?

6 MR. BRUCE SHUPP: Yes, takes out
7 that --

8 MR. GREER TIDWELL: Not eliminating
9 that as a possible outcome but taking that out as a
10 direct recommendation?

11 MR. BRUCE SHUPP: Yeah.

12 MR. JIM CREIGHTON: Although, the
13 intention being that you're really saddling the --

14 MR. BRUCE SHUPP: We're saying it's
15 their responsibility.

16 MR. JIM CREIGHTON: The implication
17 would be they would continue to fund but they would
18 aggressively seek both federal participation -- a
19 comparable federal thing or -- and a local
20 responsibility.

21 MR. BRUCE SHUPP: Possible
22 cooperation of local government, yeah.

23 MR. JIM CREIGHTON: Everybody okay?
24 Going. Going. Okay. You will work up some final
25 wording. Is there some way that we can do that,

1 other than having to come back in two months and
2 having to --

3 MR. BRUCE SHUPP: We can try at
4 lunchtime if we can get somebody to type it.

5 MR. PHIL COMER: E-mail it to us.

6 MR. BRUCE SHUPP: Yeah, I think we
7 can -- I'm comfortable with that.

8 MR. JIM CREIGHTON: E-mail. Then can
9 we put the responsibility that it becomes official
10 unless we hear from people?

11 MR. PHIL COMER: Yes.

12 MR. JIM CREIGHTON: So you have to
13 proactively oppose it. We don't have to hear from
14 everybody, you just have to -- just understand that
15 obligation, that if you don't like the wording you
16 have got to speak up. If you don't speak up, we
17 will assume that you agree. Okay.

18 MR. BRUCE SHUPP: Lunchtime.

19 MR. JIM CREIGHTON: But let's take
20 just an hour for lunch and come back at 15 of.

21 MR. BRUCE SHUPP: Exactly.

22 (Lunch recess.)

23 MR. BRUCE SHUPP: Theoretically we
24 are a half an hour behind, or actually, 45 minutes
25 behind because of the extended discussion this

1 morning of the plant management policy, and we have
2 got to catch up with the half hour presentation from
3 the integrated river subcommittee.

4 But I don't think -- is there any
5 public here that signed up to speak? Therefore, we
6 have just gained 15 minutes. So we are ahead of
7 schedule.

8 Roger Bedford, chair of the
9 integrated river management subcommittee, is going
10 to present the recommendations of that committee to
11 the Council for our deliberation.

12 Roger?

13 SENATOR ROGER BEDFORD: Thank you,
14 Mr. Chairman, Members of Council, we have had a very
15 good series of meetings on our subcommittee, and we
16 are prepared today to make a recommendation to you
17 that was done by consensus on the subcommittee.

18 We ask the Council to try and take
19 actions on these today, if at all possible, and we
20 also want to let you know two other things. One,
21 Miles has some letters that she's received since our
22 meeting of February 28th that she's asked to put
23 into the record, and secondly, that this is not the
24 only recommendation that will come forth from our
25 committee. We have broken it up into a series of

1 recommendations.

2 We heard comments from some 54
3 stakeholders, and during and after these educational
4 and public comment sessions, the integrated river
5 management subcommittee members held discussions
6 among ourselves. We divided it up into eight topics
7 that we chose to try and cover with our full report,
8 and this is the first one, which includes three
9 major groupings that constitute our initial
10 recommendation to you.

11 I go to page two of the February 28th
12 article where agreement was reached on the
13 importance that TVA continue its role in regional
14 economic development, including providing low cost
15 and stable power supply, hydropower for peaking,
16 power reliability, meet increasing power demands,
17 efficiency in hydro operations as it relates to
18 other issues, upgrading equipment, optimizing for
19 power production, understanding economic development
20 relationships, and maintenance of locks and
21 channels.

22 Secondly, we wanted to encourage TVA
23 to operate the reservoir system for sustainable
24 growth and keep commitments to existing industry.

25 We also felt it was important to

1 specifically express to TVA the committee's concern
2 about the rising Mercury levels in the lake
3 reservoir waters.

4 Thirdly, as it dealt with the issue
5 of lake reservoir water level management, we
6 recommend that TVA reexamine its policies impacting
7 lake levels and that TVA's reexamination efforts
8 include consideration of both the costs and benefits
9 of any potential changes to the policies impacting
10 lake levels. We recommend that TVA begin such
11 formal reevaluation as soon as possible.

12 And to tell you how our committee,
13 quite frankly, benefited from the water quality
14 subcommittee coming in after they had gained some
15 information, Mr. Chairman, there was some reluctance
16 at first to have them come in right at the last, but
17 when they did they brought us very valuable
18 information. I think that will hopefully be a model
19 for how these subcommittees will continue to
20 interact.

21 So we recommended that TVA establish
22 a critical path approach and consider doing the
23 water quality portion of the overall environmental
24 impact study in the early stages to establish the
25 water quality parameters of the entire Tennessee

1 River system before any other, other than minor
2 change decisions, to the integrated river management
3 by TVA are made.

4 The water quality portion of the
5 study should include consideration of the applicable
6 water quality laws in the each of the seven states
7 of the TVA region.

8 We recommend that TVA incorporate
9 public partnership in its studies where appropriate
10 to ensure the credibility of the studies. We
11 recommend this be done by forming one or more ad hoc
12 committees, which include among others, members of
13 the Regional Resource Stewardship Council.

14 And then finally, while the more
15 comprehensive study is being completed, we encourage
16 the target date for unrestricted drawdown of the 13
17 tributary lakes be delayed beyond August 1 beginning
18 this fiscal year for as many days as possible within
19 the legal and operational constraints of TVA.

20 I am going to turn it over to Miles
21 in just a second, but are there any other members of
22 the subcommittee that would like to add insight or
23 comments to what we have set forth?

24 All right. If not, Mr. Chairman,
25 with your permission, I'd like to turn it over to

1 Miles, who I guess she can do it from her seat
2 there, about the two letters.

3 MS. MILES MENNELL: Actually one of
4 the letters I see has already been copied for you.
5 It's a letter from Coy Noblitt, who is the Mayor of
6 Manchester, Tennessee, and I think that there's
7 already a copy at our place for that.

8 I have another letter that I received
9 from James Wilhelm, who is the Executive of Coffee
10 County, Tennessee, and the letter's addressed to the
11 Council and he asked that I read this into the
12 record.

13 And the letter is: "Dear Regional
14 Council Members: I have recently been made aware
15 that a group of lake-shore property owners on the 10
16 tributary lakes in East Tennessee, North Carolina,
17 and North Georgia are asking TVA to alter their
18 river management operations to hold lake levels up
19 for an additional two months each summer. As I
20 understand their request, the property owners want
21 the levels held up longer for recreational purposes
22 and to increase the value of their property.

23 "As both the consumer of TVA power
24 through my local electric distributor, Duck River
25 Electric, and an elected representative of many

1 fellow consumers of TVA power, I don't feel TVA
2 should take any action regarding lake levels that
3 will negatively impact the amount of water available
4 for hydroelectric power generation. Power generated
5 from our dams is the least expensive of the total
6 TVA generation mix and, with the recent surge in
7 prices of wholesale electricity in peak seasonal
8 periods, this hydro generation is now more valuable
9 than ever. Therefore, any impact to lake levels
10 could cause the cost of electricity to increase.
11 This would impact ratepayers throughout the entire
12 Tennessee Valley and would be an injustice in favor
13 of a few property owners.

14 "While I do not feel TVA should agree
15 to these requests, if it does, I feel that these
16 property owners and any other beneficiaries of such
17 action should be required to compensate TVA and
18 thereby the consumers of TVA for the additional
19 costs TVA incurs to replace this lost peak period
20 hydro generation with other, more expensive, energy
21 sources.

22 "As a member of the Regional Resource
23 Stewardship Council I would appreciate your
24 conveying my concerns to TVA."

25 Again, the letter is from James

1 Wilhelm, Executive of Coffee County, Tennessee. And
2 I have copies here for everybody. The other letter,
3 as I said, from Coy Noblitt has already been copied.

4 MR. BRUCE SHUPP: Would you like to
5 read that into the record though, Miles?

6 MS. MILES MENNELL: Sure. If we can
7 take the time, I'll be glad to.

8 MR. BRUCE SHUPP: I think you should.

9 MS. MILES MENNELL: All right. This
10 was -- this particular letter, which Coy faxed to me
11 and asked me to put into the record, was addressed
12 to Kate Jackson.

13 "Dear Ms. Jackson: I have recently
14 been made aware" -- and essentially the letter is
15 the same. "I have recently been made aware that a
16 group of lake-shore property owners on the 10
17 tributary lakes in East Tennessee, North Carolina,
18 and North Georgia are asking TVA to alter their
19 river management operations to hold lake levels up
20 for an additional two months each summer. As I
21 understand their request, the property owners want
22 the levels held up longer for recreational purposes
23 and to increase the value of their property.

24 "As both the consumer of TVA power
25 through my local electric distributor, Duck River

1 Electric, and an elected representative of many
2 fellow consumers of TVA power, I don't feel TVA
3 should take any action regarding lake levels that
4 will negatively impact the amount of water available
5 for hydroelectric power generation. Power generated
6 from our dams is the least expensive of the total
7 TVA generation mix and, with the recent surge in
8 prices of wholesale electricity in peak seasonal
9 periods, this hydro generation is now more valuable
10 than ever. Therefore, any impact to lake levels
11 could cause the cost of electricity to increase.
12 This would impact ratepayers throughout the entire
13 Tennessee Valley and would be an injustice in favor
14 of a few property owners.

15 "While I do not feel TVA should agree
16 to these requests, if it does, I feel that these
17 property owners and any other beneficiaries of such
18 action should be required to compensate TVA incurs
19 to replace this lost peak period hydro generation
20 with other, more expensive, energy sources.

21 "As a member of the Regional Resource
22 Stewardship Council I would appreciate your
23 conveying my concerns to TVA."

24 It's signed Coy A. Noblitt, Mayor,
25 Manchester, Tennessee.

1 MR. BRUCE SHUPP: Thank you, Miles.

2 Phil, then Bill.

3 SENATOR ROGER BEDFORD: Mr. Chairman,
4 if I could, before you recognize this -- just so the
5 record will be clear about this, those letters are
6 offered as information that came in after we had
7 reached our consensus and are not part of the
8 consensus themselves, just so the record would be
9 clear on that.

10 MR. BRUCE SHUPP: Thank you.

11 MR. PHIL COMER: May I speak?

12 MR. BRUCE SHUPP: Yes.

13 MR. PHIL COMER: I would like to
14 respond promptly to Miles reading these two letters
15 by stating that a couple of months ago Miles
16 received a letter from Mr. Garry Holiway, who is the
17 County Executive in Jefferson County, Tennessee. He
18 is also -- was also selected two years ago to act as
19 spokesman for six counties in East Tennessee that
20 are contiguous to two TVA tributary lakes, Cherokee
21 and Douglas, to act as their spokesman on what is
22 called the Six County Coalition for Higher Lake
23 Levels.

24 Miles received that letter, presented
25 it to our subcommittee meeting, in which we do not

1 have a court reporter available to make a permanent
2 recording as is the case before the full Council,
3 and so you-all do not have the benefit of the letter
4 from Mr. Holiway.

5 I would like to request that in view
6 of these two letters being made a part of the
7 record, that the letter from Mr. Holiway be
8 presented from Miles. And if Miles doesn't have it,
9 I have it at home, I don't have it with me here
10 today because I didn't anticipate this development.
11 I'd ask it be made a part of this record.

12 Number two, at approximately the same
13 time, each of we members of this subcommittee
14 received in the mail, I believe, six -- it was
15 either six or seven, but I can stand corrected on
16 that because, here again, I don't have them with me
17 but I have them at home, but we all received these.
18 Mr. David Monteith, who has spoken before this
19 council several times, and is Vice Chairman of the
20 County Commissioners of Swain County, North
21 Carolina, mailed to each of us, not only a
22 resolution from Swain County, but I believe from
23 five or six, I forget, other County Commissioners in
24 Western North Carolina expressing this similar
25 desire or expectation to our subcommittee, and

1 hence, this Council recommend to TVA that they delay
2 the unrestricted drawdown of these tributary lakes,
3 13 tributary lakes, not 10, from August 1 to
4 October 1.

5 And I think in all fairness that if
6 we're going to have these two letters written into
7 the record today at a very timely moment when we are
8 just getting ready to consider the consensus
9 recommendation of the committee, then those
10 representations from six counties in East Tennessee,
11 and I think six or seven counties in Western North
12 Carolina, also be made a part of this record.

13 MR. BRUCE SHUPP: Certainly you're
14 welcome to read that letter in.

15 MR. PHIL COMER: I don't have it. I
16 never anticipated --

17 MS. MILES MENNELL: I have it.

18 MR. BRUCE SHUPP: Let me make one
19 thought though on this, that if that letter was
20 considered by the subcommittee prior to your
21 recommendations, I'm not sure it makes a big
22 difference to the rest of the Council.

23 MR. PHIL COMER: I think
24 psychologically we have experienced something here
25 today that I find rather reprehensible, I really do,

1 and I don't make any bones about it. I think the
2 timing of this was intentional, deliberate.

3 Both of those letters are virtually
4 identical. These are not two separate letters from
5 two separate government officials and members of
6 Miles' organization, and I think it was more than
7 mere coincidence that these letters were read here
8 into the record today.

9 MS. MILES MENNELL: May I speak to
10 that?

11 MR. PHIL COMER: They were not even
12 read into the record --

13 MR. BRUCE SHUPP: I think you've made
14 your point, Phil, and we will read the letter into
15 the record, if you'd like.

16 MR. BILL FORSYTH: Can I say one
17 thing before we read those?

18 MR. BRUCE SHUPP: Yes. Go ahead,
19 Bill.

20 MR. BILL FORSYTH: I object to those
21 two letters on behalf of North Carolina continually
22 mentioning property owners.

23 MR. PHIL COMER: Yes, sir.

24 MR. BILL FORSYTH: The citizens of
25 North Carolina would like that changed for economic

1 reasons, and there aren't that many property owners
2 in North Carolina.

3 MS. MILES MENNELL: Well, may I
4 respond now?

5 MR. BRUCE SHUPP: Yes.

6 MS. MILES MENNELL: First of all,
7 there is no change in the letter. It was sent to me
8 unsolicited. It is dated February 23rd. And I was
9 called by James Wilhelm, and then he approached me
10 last week in Nashville, and asked me to read it into
11 the record.

12 And let me say for the record that I
13 think it's inappropriate to impugn my integrity on
14 this particular issue. I have been approached by a
15 stakeholder and asked to present this information to
16 the Council, and I believe that's a viable role and
17 certainly a responsibility of each of us as members.

18 Now, that said, Phil and Bill, I'm
19 not able or at liberty to change any of the wording
20 of these letters, I did not write them, and I think
21 that would be up to the author.

22 But I do have the letter from Garry
23 Holiway, if I may read that into the record for the
24 record. It is dated November 22 and it is addressed
25 to me.

1 "Dear Miles: We here in Jefferson
2 County have long attempted to persuade the Tennessee
3 Valley Authority to delay the annual unrestricted
4 drawdown of Douglas and Cherokee Lakes from August 1
5 of each year until Labor Day or later.

6 "Two years ago we joined with Sevier,
7 Grainger, Hawkins, Hamblen, and Cooke counties to
8 form the Six County Coalition for Higher Lake
9 Levels. Jefferson County funded \$12,000 of the
10 total of \$28,000 to have the University of Tennessee
11 conduct an economic impact study to try to show TVA
12 what the financial benefits would be to these six
13 counties if the drawdown could be delayed one or two
14 months. I believe you have a copy of that study and
15 know that the benefits would be significant.

16 "We are a supporting member of the
17 Association of Tennessee Valley Governments because
18 we believe you will represent our interest in all
19 matters pertaining to our relationship with TVA. As
20 a member of the Regional Resource Stewardship
21 Council and the integrated river management
22 subcommittee of that Council, I am asking you to use
23 your influence to persuade the Regional Council to
24 ask TVA to delay the annual unrestricted drawdown of
25 the lakes, and if necessary, to promptly undertake a

1 new Environmental Impact Study, which hopefully will
2 result in a revised policy on tributary lake
3 management.

4 "Please let me know if you need any
5 additional information from me to support this
6 request as our ATVG Executive Director."

7 It's signed, "Sincerely, Garry
8 Holiway, County Executive, Jefferson County,
9 Tennessee."

10 MR. BRUCE SHUPP: Okay. Any more
11 questions for the chairman of the subcommittee
12 before we begin deliberation?

13 I would like to make a comment that
14 this is going to be a difficult challenge for the
15 Council to deliberate on this -- these
16 recommendations. They are very complex. It's going
17 to cross a lot of committee boundaries.

18 We saw that we had trouble
19 deliberating on the aquatic plant management
20 recommendations, and that was simple compared to the
21 integrated river management recommendations. I
22 think it would be -- it would be a lot better if we
23 didn't challenge people's motives or challenge
24 integrity and it will make the discussions go much
25 smoother. I think we did an excellent job

1 discussing the other policy, and if we can remain in
2 that same kind of demeanor through this discussion I
3 think we will get through it rather quickly.

4 Steve?

5 DR. STEPHEN SMITH: I don't want to
6 delay the conversation. I just want to put a -- I
7 would like to make a recommendation that we take
8 something up a little bit later about what letters
9 get read in the record.

10 I personally don't want to set the
11 precedent that we're going to start reading
12 everybody's letters that come into the Council, and
13 I would at a later date like to discuss what our
14 policy is on that because I think we could spend a
15 whole day reading people's letter into the record.
16 I think it's great to submit them for the record,
17 but I personally would rather not take up our time
18 reading them.

19 MR. BRUCE SHUPP: Good point. We can
20 do that. Now, one more chance for anybody from the
21 public to make comments before -- on this
22 recommendation from the integrated river management
23 subcommittee before we go into the deliberation of
24 the Council.

25 Anybody here want to comment?

1 SENATOR ROGER BEDFORD: Mr. Chairman,
2 you had asked me to make this clear, and I was going
3 to try beforehand. We have got this broken up into
4 a couple of areas. The subcommittee has asked the
5 Council to give full consideration to it. We hope
6 we can accomplish that. If we can't, if you would
7 help us narrow the focus on where consensus is so
8 that we might take that into our further
9 deliberations, we would appreciate it.

10 Thank you, Mr. Chairman.

11 MR. BRUCE SHUPP: Thank you, Roger.

12 Jim, it's all yours.

13 MR. JIM CREIGHTON: Let me follow up
14 on Roger's proposed strategy. It appears to me that
15 some of these items are likely to be -- everybody
16 accept them very quickly, and there are others that
17 are subject of discussion.

18 What I thought I would do is kind of
19 take them one at a time and do a quick run-through
20 and just find out, does -- the strategy being to
21 identify the areas of agreement and get them off the
22 table and be able to focus in on the ones where
23 there's disagreements.

24 No. 1, what I am going to ask for in
25 a second is, is there is descent. So I will ask it

1 on each item, and then we will flag the ones on
2 which there's descent and assume otherwise they are
3 acceptable.

4 Agreement was reached on the
5 importance that TVA continue its role in regional
6 economic development, including, and then a long
7 list.

8 Any descent on that? Okay.

9 MR. AUSTIN CARROLL: Whoa. Whoa.

10 MR. JIM CREIGHTON: Was there
11 descent?

12 MR. AUSTIN CARROLL: I just want to
13 make a -- get a clarification here. I was on the
14 committee, but I missed the last meeting.

15 Where we say here hydropower for
16 peaking, hydropower is most effectively used for
17 peaking, but I think it's used like when we have
18 just lots of water. And Kate, you might inform us
19 of that, but it may be used even for baseload at
20 times when we're under flood conditions or something
21 like that.

22 DR. KATE JACKSON: That's right. I
23 mean, we use it for the hydro system itself, for low
24 cost power generation whenever there's water
25 available. We try to maximize the use of it over

1 the peak hours. In addition, the system is used for
2 voltage regulation.

3 MR. JIM CREIGHTON: Was there some
4 reason that "for peaking" was put in? Was that a
5 philosophical thing or just the way it got worded?

6 MR. PHIL COMER: Austin made that
7 suggestion. That was at one of the first meetings
8 we had, and he's just forgotten why he made that
9 proposal.

10 MR. AUSTIN CARROLL: Well, I want
11 you-all to know that I am not beyond correcting
12 myself. So I would submit maybe we take out the
13 "for peaking."

14 MR. BILL FORSYTH: I think we might
15 have been thinking that we didn't want TVA to alter
16 their operations in any critical way because we
17 think they are doing a good job.

18 MR. JIM CREIGHTON: Any objections to
19 removing the "for peaking"?

20 Okay. Otherwise, is there agreement
21 on this?

22 Al, you have your thing up.

23 MR. AL MANN: Peaking was my
24 question, too.

25 MR. JIM CREIGHTON: Stephen?

1 DR. STEPHEN SMITH: I imagine that
2 it's implicit in here, but I think that we should
3 always be explicit. Efficiency and hydro operations
4 as it relates to other issues (upgrading equipment,
5 optimizing for power production, understanding
6 economic development relationships), I would want to
7 request a friendly amendment that we add a clause,
8 because when I see the term optimizing for power
9 production, that potentially begins to then
10 compromise other related values.

11 And so I am going to speak on behalf
12 of wanting to make sure that there's something in
13 there about protecting, you know, water quality in
14 there. I would be happy to work with folks to come
15 up with a consistent phrase that's very short,
16 because you cannot -- you can optimize for power
17 production at the expense of other things. So I
18 don't think that was the intent of what was meant
19 here, but I think we should be explicit about that.

20 MR. JIM CREIGHTON: Your proposal
21 would be some words to the effect of water quality
22 being one of the purposes?

23 DR. STEPHEN SMITH: Yeah. You know,
24 I would imagine that -- again, I think it's
25 implicit, but I think we just need to be explicit or

1 we need to figure out some way to do that.

2 MR. JIM CREIGHTON: Any heartburn on
3 that? That's okay?

4 With those two corrections then, are
5 we through with No. 1?

6 Moving on to No. 2. Encourage TVA to
7 operate the reservoir system for its sustainable
8 growth and keep commitments to existing industry.
9 Let me stop there. Any problems with that?

10 Second part: Express to TVA the
11 committee's concern about the rising Mercury levels
12 in the lake reservoir waters.

13 Bruce?

14 MR. BRUCE SHUPP: I'm not sure that's
15 accurate. Could the subcommittee explain where they
16 got that information?

17 MR. BILL FORSYTH: We were told that
18 at one of our meetings, one of the previous Council
19 meetings, that it was Valley wide and increasing, is
20 what I remember.

21 MR. PHIL COMER: And airborne.

22 DR. STEPHEN SMITH: I think there
23 is -- there's a way to rephrase this. What we heard
24 was we had -- a member of the Kentucky Department of
25 Environmental Protection or something was up and

1 shared some of their postings and other things that
2 had been going on and their concern about
3 atmospheric deposition associated with Mercury.
4 So it's been brought to my attention
5 that, you know, there are different parameters that
6 show conflicts relative to the actual levels in the
7 water, but in fish tissue there has been some
8 increasing concern about atmospheric deposition and
9 how it affects fish tissue. I think that was the
10 intent.

11 MR. BRUCE SHUPP: I'm just wondering
12 if, in fact, they are just starting to look at it
13 or, you know, therefore, it becomes higher than it
14 was before because nobody knew what it was before.

15 DR. STEPHEN SMITH: No.

16 MR. BRUCE SHUPP: Or whether it's
17 actually increased from previous analyses they have
18 done.

19 DR. STEPHEN SMITH: I think there is
20 a genuine -- general consensus that there is a
21 bio-accumulation problem that's happening that's due
22 to atmospheric deposition, and that's one of the
23 reasons why there is a rule making and some activity
24 right now on Mercury levels and other things like
25 that.

1 So I don't think it is just -- what
2 is happening that is interesting is there is
3 variation between states on how they identify the
4 levels, and I think that's an issue that we talked a
5 little bit about in our water quality subcommittee,
6 but --

7 SENATOR ROGER BEDFORD: Bruce, if
8 memory serves me well, it was a combination, both of
9 those that had been documented seeing a cumulative
10 effect and it starting to show up throughout the
11 system.

12 MR. JIM CREIGHTON: Austin, is your
13 thing up because you have a comment or just
14 because --

15 MR. AUSTIN CARROLL: Sorry.

16 MR. JIM CREIGHTON: Stephen, you said
17 you thought it could be fixed. Were you thinking --

18 DR. STEPHEN SMITH: I think that
19 probably the wording should be, express concern to
20 TVA the committee's concern about atmospheric
21 deposition and its effects on lake and reservoir
22 levels, that might -- would people agree with that
23 as --

24 MR. JIM CREIGHTON: Atmospheric
25 deposition of Mercury?

1 DR. STEPHEN SMITH: Of Mercury,
2 correct.

3 MR. BRUCE SHUPP: That's better.

4 MR. JIM CREIGHTON: With that
5 modification, is that acceptable?

6 Okay. No. 3, and I will take A, B,
7 C, D, and E all separately. A, we recommend that
8 TVA reexamine its policies impacting lake levels and
9 that TVA's reexamination efforts include
10 consideration of both the benefits and costs of any
11 potential changes to policies impacting lake levels.

12 Anyone descent?

13 AI?

14 MR. AL MANN: I don't descent, but A
15 and B and E kind of go together, don't you think?
16 And C's kind of standing out there alone and D.
17 Because you're talking about, we recommend that TVA
18 begin such formal reevaluation as soon as possible,
19 and then you say, while the more comprehensive study
20 is being completed, is that the study they're
21 talking about, we encourage the target date, et
22 cetera.

23 MR. JIM CREIGHTON: Well, yeah, E
24 goes with that, but I'm trying not to discuss all
25 five at the same time.

1 MR. AL MANN: But I think all three
2 of them go together.

3 SENATOR ROGER BEDFORD: Mr. Chairman,
4 I'm not trying to debate. I will just give you some
5 insight from the committee's thought process.

6 C came about from the water quality
7 subcommittee coming in and sharing with us some
8 scientific information that we had had a little of
9 but not a lot of, and it altered us a little bit
10 because we basically came to the conclusion that
11 there's no need in spending a lot of money trying to
12 study something if it's without -- if it's outside
13 the critical path where they can't do it anyway
14 because the federal law says you can't type thing.

15 So that's why we felt it was
16 important to have C as a standalone. So that's just
17 from a history point of view that we wanted this
18 study, we wanted these things, but there was no need
19 to try to do A through Z if by law you couldn't. So
20 we felt the critical path ought to be charted first.

21 Any other subcommittee member is
22 welcome to join in.

23 MR. JIM CREIGHTON: Ann, did you have
24 a comment on A?

25 MS. ANN COULTER: Well, I've had my

1 card up for a while. My comment actually goes back
2 to the previous point.

3 MR. JIM CREIGHTON: Sorry. I didn't
4 see it.

5 MS. ANN COULTER: Under No. 2, I
6 would like to hear the committee clarify a little
7 bit just what that means, encourage TVA to operate
8 the reservoir system for sustainable growth and keep
9 commitments to existing industry.

10 SENATOR ROGER BEDFORD: I will be
11 more than happy to start the discussion and any
12 other committee member can join in.

13 We had some thoughts about, as it
14 relates to changing lake levels, that we have heard
15 information from existing industries that say they
16 have to have such and such flow or such and such
17 temperature, and also, if TVA has made a commitment
18 to a major industry to get them to locate there,
19 that we feel like they ought to honor that
20 commitment so as not to endanger the economic
21 well-being of that industry.

22 And Phil, join in.

23 MS. ANN COULTER: So this is --
24 that's really a lake level, that statement is
25 targeted to the lake level issue?

1 MR. PHIL COMER: It's broader than
2 that.

3 SENATOR ROGER BEDFORD: It would be
4 broader than that.

5 MR. BILL FORSYTH: It targeted the
6 overall operation of the lakes.

7 MR. PHIL COMER: Heavily minimal
8 stream flow. Heavily means that minimum stream
9 flows do not suddenly be lessened, and therefore,
10 imperil an existing industry that has come here in
11 good faith and invested money. It probably should
12 not be limited to existing industries, it probably
13 should also include municipalities.

14 MR. JIM CREIGHTON: It was intended
15 as a constraint. It was said, before -- before you
16 start tinkering with the system, accept as a given
17 that you have these pre-existing obligations and
18 that you're obliged to continue with them.

19 DR. STEPHEN SMITH: Ann, specifically
20 there is -- we heard Eastman Kodak, they --
21 Tennessee Eastman, they have a really complex
22 relationship with water flows and how it affects
23 their system operation. And then I think we also
24 heard a little bit about the location of the Boeing
25 facility in Northern Alabama was very dependent on

1 certain navigational commitments.

2 So it became very apparent that there
3 were preexisting commitments that actually caused a
4 tremendous amount of infrastructure to be invested
5 based on certain management options.

6 MS. ANN COULTER: Well, I think at
7 some point, this will probably apply to the work of
8 a lot of the subcommittees, I think that bears some
9 elaboration, because standing on its own, I'm not
10 sure it's really clear what that's all about, and
11 that would probably help the overall recommendation
12 if some additional information that really pinpoints
13 what you mean by sustainable growth and existing
14 commitments would be good.

15 MR. JIM CREIGHTON: If I understand
16 you, you're saying you don't object to what's here,
17 but you recommend the committee elaborate on that
18 and clarify some other things that have come.

19 MS. ANN COULTER: Yes.

20 MR. JIM CREIGHTON: With that, are we
21 able to move -- AI?

22 MR. AL MANN: Ann, are you asking
23 what those existing commitments are?

24 MS. ANN COULTER: Well, it was
25 largely answered, I think. I want to know what the

1 nature of the existing commitments were. I don't
2 need -- I mean, I don't think we need to catalogue
3 or inventory those.

4 But that sentence, taken by itself,
5 me not having been in on any of your discussions, is
6 rather nebulous. So the clarification helped. I
7 think when we are at the point of thinking who is
8 going to receive this information and what kind of
9 background or additional information they will have,
10 it may be that some clarification is appropriate to
11 have along with that statement.

12 MR. JIM CREIGHTON: And it actually
13 occurred to me as you were talking about it, that
14 one and the Mercury one also could be kind of put
15 into the next category as constraints as TVA
16 considers it.

17 If I understand the intent of it,
18 you're saying, hey, TVA, as you look at reservoir
19 levels and so forth, take into consideration or
20 respect the commitments that have already been made
21 and account for issues such as Mercury contamination
22 and so forth, is that correct?

23 MR. PHIL COMER: No. These issues
24 can become important totally unrelated to lake
25 levels. There are minimum stream flow

1 considerations that have nothing to do with lake
2 levels that we were concerned about.

3 MR. JIM CREIGHTON: Okay. All right.

4 But if I -- we're okay with No. 2 with the
5 understanding there will be some tinkering with the
6 language. On III, A, recommend that TVA reexamine
7 its policies, I have already read that once. Does
8 anyone have any heartburn on that one?

9 Bruce?

10 MR. BRUCE SHUPP: Just a comment, not
11 really heartburn, but this just reflects back to the
12 last policy we just evaluated.

13 Do we really know what we're
14 committing to here? What are the costs of these
15 commitments?

16 And we certainly know who's going to
17 bear the cost of the commitments, it's going to be
18 ratepayers again. So we're right back where we
19 started.

20 I think it would be very helpful in
21 each of these steps if the subcommittee could define
22 what the estimated cost of agreeing to take these
23 steps would be.

24 MR. JIM CREIGHTON: There was a
25 figure that was given several meetings ago from --

1 there was some kind of a study group that had looked
2 at this, and it made it -- I thought it was internal
3 to TVA that had looked at this and had talked --

4 MR. PHIL COMER: I thought it was the
5 internal TVA something, something lake level policy
6 committee, which gave a report internally in 1998,
7 but I think the number you're talking about, the
8 dollar number, was really a number that Kate Jackson
9 gave us at either the first or second meeting when
10 someone -- Stephen Smith asked her the question of,
11 will there be any change, and she said certainly not
12 in the next 23 months during the life of this
13 thing -- during this advisory committee. Then how
14 long would it take, and she said, three to five
15 years. How much will it cost? Five to eight
16 million dollars. I am going strictly from memory,
17 Kate.

18 These were -- Dr. Teague asked her
19 the question, well, could it be shortened to a
20 lesser time frame? She said, perhaps, but might
21 cost more money.

22 DR. KATE JACKSON: Well, the money
23 issue is only a piece of it. It's actually
24 dependent upon the public interest.

25 MR. PHIL COMER: Yes.

1 DR. KATE JACKSON: That's the thing
2 that mostly determines. I mean, other than the
3 analytical portion, the length of time is determined
4 by the public interest and the amount of public
5 input that you would need to get.

6 DR. STEPHEN SMITH: But the dollars
7 are roughly -- I mean, we are talking a five to
8 eight million dollar commitment.

9 DR. KATE JACKSON: (Moves head up and
10 down.)

11 MR. PHIL COMER: The prior study in
12 1990 took three and a half years, Kate? We're
13 talking about an updating of the 1990 study.

14 MR. JIM CREIGHTON: I think Barry
15 made some comments at one of the meetings pertaining
16 to the legal requirements that you were going to
17 have to meet and kind of suggesting that shortening
18 it was not feasible because it couldn't be just like
19 an add-on to the earlier study, it had to meet new
20 requirements.

21 Barry, you might think about that and
22 be ready to comment on that in a minute.

23 I saw Roger and then Jimmy.

24 SENATOR ROGER BEDFORD: Jim, I think
25 it's implicit in this, but let me point out that the

1 overall concept of the subcommittee was that we
2 recommend that a new study be done. And the new
3 study, when TVA gets ready to do that, look not only
4 at the cost and whether there's a real benefit to
5 doing the study itself, but if you recall, a number
6 of the people who testified before the committee
7 with their studies said, well, I studied the cost
8 but I didn't really study the benefit or we studied
9 the benefit but we didn't really study the cost.

10 So we were recommending they study
11 both the cost and the benefit so that you can have
12 apples to apples.

13 MR. JIMMY BARNETT: I believe Kate or
14 Don or someone had indicated that most of that older
15 study was on the tributary lakes and did not include
16 the main stem of the river. So another reason for
17 it lasting longer is because we have got to cover
18 the main stem of the river now to have an adequate
19 study done.

20 MR. JIM CREIGHTON: Barry, do you
21 need to do any elaborating on meeting legal
22 requirements and length of time and what level of
23 study would have to be done to make a decision?

24 MR. BARRY WALTON: Probably not, but
25 I will talk a little anyway because I haven't talked

1 today.

2 MR. JIM CREIGHTON: What did I say,
3 would you like to? Okay. Would you?

4 MR. BARRY WALTON: Let me separate
5 out two things. One is from the program point of
6 view, not from a NEPA point of view, but from a
7 program point of view, part of our stewardship
8 responsibility for operating the system is going to
9 be to responsibly analyze what we're proposing to do
10 and to responsibly look at the alternatives to it.

11 In addition, an overlap of that, we
12 have the legal responsibility under NEPA that if
13 we -- the point you were making about the old study
14 is if we had a current study that was an
15 Environmental Impact Statement Lake Study, and we
16 are proposing to make a slight change in it, it
17 would be possible to take that old study and
18 basically just modify our decision, publish it in
19 the Federal Register and go forward, because we
20 could say we have already evaluated all the
21 environmental impacts.

22 What I said in one of our earlier
23 meetings, based on conversations with engineers and
24 others, is that too much has changed in the sense of
25 what we know about the way the river works, about

1 the way the utility system and pricing and value of
2 hydropower, that that old analysis is stale.

3 So we're going to -- from a NEPA
4 point of view we're going to be starting all over.
5 And we could have a little bitty proposal and try to
6 limit the alternatives that we look at to very
7 specific proposals and try to compress the study as
8 much as possible. We may be able to legally do
9 that, depending on what we're looking at, but like I
10 said at the beginning, that's not the only question.

11 We also have to be responsible, as
12 well as legal. More likely both the responsibility
13 needs and the legal needs are going to push us into
14 a broader study, but with that I guess I'm just
15 throwing it all back into the lap of the Council
16 like I always do and say, I've given you my basic on
17 the one hand, and on the other hand an answer, and I
18 hope I have shed a little light.

19 MR. JIM CREIGHTON: It's just a
20 question, if it requires a full blown NEPA
21 documentation, what are we talking about in timing?

22 MR. BARRY WALTON: That's not a legal
23 question in the sense that NEPA has some guidelines
24 and some deadlines and some comment periods and
25 stuff like that, but you could compress them all

1 together and do it in under a year.

2 What makes the -- what stretches out
3 the schedule is the fact that the analysis -- the
4 technical analysis you have to do will take time,
5 and so that's -- it's a science question, not a
6 legal question.

7 MR. JIM CREIGHTON: Anything more
8 from TVA on the factual part of it, the cost, and
9 time, so on?

10 Phil?

11 MR. PHIL COMER: This is part -- this
12 partly has to do with factual. I totally disagree,
13 and this is easily resolved, because all I have to
14 do is say, please reread Chapter IV in the
15 Environmental Impact Statement that was published in
16 December of 1990.

17 Chapter IV deals exclusively with the
18 three alternatives that TVA considered in that study
19 for improving dissolved oxygen or generally
20 improving the water quality below all of the dams,
21 and they established 13 or 14 new minimum stream
22 flows in the process of that. So it was not just
23 limited to the 13 tributary lakes, by any means.

24 While that's what has been most
25 talked about, it was not a study that was just

1 limited. It affected the entire thing. It affected
2 the City of Chattanooga, that they had to install
3 new dechlorination equipment as a result of a
4 reduced stream flow for seven months of each year.
5 So it was broader than just a study of the tributary
6 lakes, believe me. Read Chapter IV again.

7 MR. JIM CREIGHTON: Now, as I read
8 this, the subcommittee is not recommending a
9 specific level of study, it's simply saying, please
10 study. The factual information is just so that you
11 have some order magnitude of what the top and bottom
12 is, is that correct? I saw Roger saying yeah.

13 SENATOR ROGER BEDFORD: (Moves head
14 up and down.)

15 MR. JIM CREIGHTON: Did you want to
16 follow up?

17 MR. BRUCE SHUPP: Yeah. The question
18 would be wouldn't we be acting first on C, and then
19 after item C, III C is decided, then we come back
20 and make a decision on the rest of them?

21 SENATOR ROGER BEDFORD: Well,
22 certainly C is the initial parameters to look at for
23 the study, Bruce is correct.

24 MR. BILL FORSYTH: I would disagree.
25 We're saying do the study, but if you do the study,

1 do this first. We're recommending the study, and
2 then we're saying, when you do the study, this would
3 be the proper place to start.

4 MR. JIM CREIGHTON: As I read this,
5 the first recommendation is to do the study. The
6 second recommendation is to get started quickly.
7 The third recommendation is use the critical path
8 thing and water quality constraint thing, have
9 public participation, and done some -- try to
10 sustain drawdown in the meantime, is that an
11 accurate reading of what it says?

12 SENATOR ROGER BEDFORD: (Moves head
13 up and down.

14 MR. JIM CREIGHTON: I didn't know
15 where to go with it exactly.

16 MR. BRUCE SHUPP: The only thing is
17 there should be a stop point. If, in fact, item C
18 determines that this can't be do because of the
19 water quality parameters, then there's a stop point
20 and the whole thing stops, right?

21 You're not saying we continue if we
22 find out we have water quality issues that can't be
23 achieved?

24 MR. BILL FORSYTH: We're asking for a
25 very comprehensive study about the whole operation

1 of the system, and we have said somewhere in here
2 that everything should be done within the
3 constraints of legal issues and operational issues.

4 MR. PHIL COMER: Both state and
5 federal. We want an update of the 1990 study.

6 MR. JIM CREIGHTON: Could there be
7 some clarification --

8 SENATOR ROGER BEDFORD: I think
9 that's the bottom line.

10 MR. PHIL COMER: That's the bottom
11 line.

12 SENATOR ROGER BEDFORD: We would like
13 to see -- we're recommending that a new
14 comprehensive study be done. We would like to see
15 it done sooner rather than later, but we realize
16 that there is no need to study some things if they
17 are outside the critical path, which has to do with
18 the cost and the scope of it.

19 In other words, the fact that some
20 might advocate keeping the lake levels up to a
21 certain date, if because of the scientific and legal
22 information that's not going to work, well, let's
23 don't spend a lot of money on that, but if that does
24 fall within the parameters, then the subcommittee
25 has recommended that that part of the study go

1 forward as well.

2 MR. BRUCE SHUPP: It may be
3 beneficial to state those type of constraints in
4 that paragraph, just one other sentence that would
5 say that.

6 MR. JIM CREIGHTON: Yeah, because --
7 if I just read this standing alone, that's not all
8 visible.

9 SENATOR ROGER BEDFORD: I don't have
10 any heartburn about that. I was just trying to
11 respond to the flow of the points.

12 MR. AUSTIN CARROLL: Which one?

13 MR. JIM CREIGHTON: So point one, and
14 let me check again, now, this is the heartburn test
15 again, point one, that there should be a study done.
16 Okay?

17 That it should begin quickly. Okay?

18 That it -- here we're going to be
19 searching for exact wording, but use of critical
20 path approach where, if there are constraints,
21 clearly identify that limit or rule out
22 possibilities, then there's no need for further --
23 addressing it further, is that -- I'm not sure I've
24 got -- Roger, do you want to take a cut at --
25 because this -- in a way this isn't clear to me what

1 you're saying?

2 Is critical path meaning if on the
3 critical path you find a fatal -- this is more like
4 a fatal flaw analysis rather than critical path?

5 MR. BILL FORSYTH: We're saying the
6 critical path is water quality.

7 DR. STEPHEN SMITH: I think what
8 we're looking to do is potentially try to bound the
9 study, because there is some science that may
10 suggest that there are outer limits to how you can
11 manipulate the lake levels without running into some
12 legal and responsibility obligations towards water
13 quality. And once those are identified, then you
14 basically are able to probably more efficiently
15 economically focus the study into what is possible,
16 and I think that was the intent of what our
17 recommendation was. It wasn't to hold the study up
18 or say the study shouldn't go forward, it was to try
19 to put some boundaries on what is possible.

20 MR. JIM CREIGHTON: Okay. Actually
21 Bill's comment helped me, his comment that water
22 quality is the critical path, that you're looking at
23 that as -- I saw Jimmy first and then back to Bruce.

24 MR. JIMMY BARNETT: Okay. Coming
25 from the water quality subcommittee, that was the

1 kind of information we carried back to this
2 subcommittee, and that's exactly what we were
3 talking about.

4 And I will quote you from a letter,
5 I'm just going to quote one paragraph, that I
6 haven't shared, I just got it, I haven't shared it
7 with anyone, in fact, I got it on my desk here, from
8 the State of Tennessee, Department of Environment
9 and Conservation, everybody will get a copy of it,
10 "I recommend the Council and TVA move cautiously in
11 any review of reservoir management policy being
12 mindful that state law and regulations, particularly
13 our EPA approved water quality standards will have
14 considerable bearing on management decisions
15 involving Tennessee's waters."

16 So that's part of the information
17 that we have shared with them, and I share it with
18 the whole Council. It wasn't -- I didn't have this
19 letter then, but that was the type of information
20 that we shared with them. So we were just saying,
21 hey, it's bounded -- it may be bounded or it may not
22 be bounded.

23 MR. JIM CREIGHTON: To me the words
24 don't -- I didn't read that and get all of this, but
25 if I understand the intent, it's, hey, early on in

1 the study, look at water quality, let water quality
2 set the constraints, and then make decisions -- once
3 you've looked at that, make decisions about what
4 level of additional study or what alternatives are
5 appropriate to consider, and so forth.

6 DR. STEPHEN SMITH: Well, Jim, it
7 does say that in there, I think, "In the early
8 stages establish water quality parameters."

9 MR. JIM CREIGHTON: It's just an
10 editing thing of some kind. I'm just trying to make
11 clear the intent to see whether there's agreement on
12 the intent.

13 Did I accurately state the intent? I
14 mean, your argument being that this accurately
15 states it, too.

16 Jimmy, did you want to add any more
17 or are you just --

18 MR. JIMMY BARNETT: No.

19 MR. JIM CREIGHTON: Phil?

20 MR. PHIL COMER: I was going to
21 use -- I was going to try to use two purely
22 hypothetical examples to try to illustrate what this
23 might be. One hypothetical example would be if
24 there were people, and I don't know of anyone who
25 would say, oh, let them leave the lakes up 12 months

1 out of the year to full summer pool, it would be a
2 very short critical path study that would eliminate
3 that as a possibility for two reasons. There would
4 be a water quality problem and there would be a
5 flood control problem. So that, as a critical path
6 thing, using an absurd example.

7 So, boy, that would eliminate that in
8 short order, and that's what we're trying to do is
9 to eliminate any that are -- on the other hand,
10 another hypothetical example, if you started
11 studying an alternative that was going to result in
12 exceedingly reduced minimum stream flows anywhere in
13 the system, that's going to absolutely eliminate
14 that as an alternative because we cannot really
15 agree to significantly, if any at all, reduced
16 minimum stream flows, that's impractical and
17 inconsistent with everything else we're saying has
18 to be done. It has to be -- changes have to be made
19 only if they are not seriously detrimental to these
20 other aspects of water quality or flood control or
21 navigation.

22 MR. JIM CREIGHTON: Now, you're
23 saying there are several critical path issues?

24 MR. PHIL COMER: Not really. Most of
25 these are just absurd. Water quality is a serious

1 one. Water quality is the serious one. These
2 others are absurd.

3 SENATOR ROGER BEDFORD: I come back
4 to what Bruce said earlier. We identified water
5 quality as one of the key cornerstones after the
6 information from the water quality subcommittee was
7 given to the integrated river management
8 subcommittee.

9 We're not saying there's not others,
10 but we feel very strongly that that ought to be a
11 key one and one of the parameters and that's what we
12 had recommended. If the Council has others, you
13 know, we're open to that, which goes back to what
14 Bruce was saying earlier.

15 MR. BRUCE SHUPP: Let me do a
16 hypothetical, and I would like you to all help me
17 out trying to understand how this would work. Let's
18 say we do the critical path study on water quality
19 and it shows that the lake levels can be maintained
20 at their existing summer pool until September 1st
21 without serious environmental impact, and if you did
22 that, the economic gains to the local community
23 would be 8.6 million dollars, and the cost of
24 hydropower losses -- peaking power losses to TVA
25 would be 6.7 million dollars, what does that mean

1 and what -- what do you do at that point when you
2 have -- or reverse those figures, the gains are 6.7
3 and the costs are 8.6, you know, what does it mean,
4 and how does our recommendations to TVA help them
5 sort out those difficult decisions based on those
6 economic figures?

7 They are new figures and they are
8 accurate figures because they were just done and
9 updated, but how does TVA then make those tradeoffs?

10 MR. PHIL COMER: That's TVA's
11 decision, and I don't think this Council can go that
12 far in trying to predetermine -- that's TVA's
13 ultimate decision to make. They are far more
14 capable of doing this than for us sitting here
15 trying to anticipate what might be other problems.
16 They have that expertise.

17 MR. BRUCE SHUPP: I understand. But
18 the question then is, how is the new data going to
19 make them change their lake level position any more
20 than the old --

21 MR. PHIL COMER: Because they have
22 never historically quantified the benefit side.
23 They have only ever quantified in the study of 1990
24 the alleged costs, and those were unilateral
25 declarations. They were never shared to establish

1 credibility with outside people, and they have
2 refused to give that information to lake groups.
3 They have refused to give that information to the
4 GAO investigators under the claim that it's
5 proprietary, and that is unacceptable to the
6 stakeholders in today's world.

7 MR. JIM CREIGHTON: Al and then
8 Roger.

9 MR. AL MANN: I think you're getting
10 ahead of yourself because you're dealing with C,
11 Bruce, and C is strictly water quality. If they
12 pass the test of water quality, then they go on.

13 Isn't that what C is saying?

14 MR. PHIL COMER: Yes.

15 MR. BRUCE SHUPP: But they are asking
16 to agree to the whole study, and if C goes forward
17 we still have those --

18 MR. AL MANN: But right now let's
19 just get through C, which is water quality.

20 SENATOR ROGER BEDFORD: Bruce, to
21 follow up on what Al is saying, to use your example,
22 if you looked at water quality and you could sustain
23 the lakes to September 1st, to use your example,
24 without affecting water quality and flow, but if you
25 tried to go to September 30th you couldn't do it

1 because of the legal constraints because of the laws
2 that affect water quality, well, there's no need to
3 study beyond September 1st. We're trying to use it
4 as a limiting factor and one of the critical
5 factors.

6 MR. AL MANN: Just C alone.

7 MR. BILL FORSYTH: Bruce, I think
8 what we're trying to say is after a new study has
9 been done looking at the economics and looking at
10 the costs, then the stakeholders will have --
11 everybody will have apples to judge against apples.
12 TVA can look at the decision process with what they
13 need and the stakeholders will have what they need
14 for their arguments, and everybody will have a new
15 study with all the right figures to look at.

16 MR. BRUCE SHUPP: Question again, but
17 do you still want to commit to the full study but C
18 would go first and it would stop if it doesn't look
19 practical to go further, is that what you're saying?

20 MR. PHIL COMER: Roger's example was
21 perfect. That's a perfect example.

22 SENATOR ROGER BEDFORD: We didn't
23 want to do a study just for a study's sake. If
24 we're asking TVA to spend money on a new study, we
25 thought we ought to try to define some parameters of

1 that study within existing state and federal laws,
2 and water quality was a very clear example to us
3 that already has defined limits to it. So we felt
4 that that should be one of the critical paths, not
5 the exclusive critical path, but we felt it was
6 strong enough that it ought to have its own section
7 to emphasize to TVA that this ought to be one of the
8 benchmarks.

9 DR. STEPHEN SMITH: But I think I'm
10 understanding what Bruce wants to be very clear on
11 is if you determine that September 1 drawdown does
12 not compromise water quality, then, in essence, what
13 we're agreeing to today is that the study goes
14 forward. I mean, that's what I'm hearing him ask.

15 MR. BRUCE SHUPP: That's right. So
16 we're committing five to eight million dollars and a
17 possibility of a three, three and a half year
18 process to ratepayers to go forward if the critical
19 path is cleared for water quality?

20 MR. PHIL COMER: They ought to do it
21 every ten years anyway.

22 MR. JIM CREIGHTON: Let me get Ann
23 and then -- not Ann, Elaine. Excuse me.

24 MS. ELAINE PATTERSON: I'm just
25 trying to understand the process here. Doesn't it

1 make sense to do C first and then evaluate what to
2 do with the study before you --

3 MR. BRUCE SHUPP: That's what I
4 thought.

5 MS. ELAINE PATTERSON: I mean, versus
6 saying let's do the study. So I think we have these
7 a little reversed.

8 MR. PHIL COMER: This is a qualifying
9 paragraph to the first two.

10 MR. AL MANN: C is the critical path,
11 which is the -- which is the study of water quality
12 period, right?

13 DR. STEPHEN SMITH: Well, I think
14 what I'm hearing Elaine say is that you do C, and
15 then you come back to the Council and decide whether
16 you go forward. And when I saw you give the thumbs
17 up, Phil, I thought that was probably not -- the
18 other question I have, just to complicate this a
19 little bit more, and maybe Barry can answer this,
20 will you need to scope under NEPA the whole process
21 in advance of doing -- or would you scope the water
22 quality parameters first and then rescope the whole
23 study?

24 MR. BARRY WALTON: Assuming that the
25 study itself is going to be done in phases, I guess

1 I'm thinking the easiest thing might be to ask to --
2 in our Notice of Intent to prepare the EIS and the
3 study to tell people we're proposing to do it in
4 phases and to ask for comments on the scope of the
5 entire study but to particularly ask for comments on
6 the scope of the water quality part. After we do
7 the water quality phase, we look at what we have,
8 and either proceed on to phase two, change
9 direction, rescope.

10 DR. STEPHEN SMITH: I just wanted to
11 be clear.

12 MR. JIM CREIGHTON: Just to be clear,
13 the recommendation of the subcommittee is that you
14 do the study, and the only condition under which you
15 would not do the study is if you hit something in
16 water quality that --

17 SENATOR ROGER BEDFORD: Jim, now,
18 you're saying it in reverse. We're recommending the
19 study but that the water quality be one of the
20 scoping factors here, to go back to what Al said.
21 We're not saying that's the only scoping area, if
22 that's the proper legal terminology, Barry, to use.
23 We're just saying we think this must be one of the
24 areas and one of the first areas.

25 MR. JIM CREIGHTON: But assuming that

1 water quality and any of these others don't set some
2 constraint which says stop now, you're saying, then
3 get on with the study, you're not saying, come back
4 at that point and reevaluate it?

5 DR. STEPHEN SMITH: I think what
6 we're saying is that unless the water quality
7 critical path piece says that there would be a
8 compromising water quality beyond August 1, yes, the
9 study goes forward.

10 MR. BRUCE SHUPP: We're all trying
11 say the same thing, but we're not saying it.

12 MR. PHIL COMER: Bruce, let's go to
13 the bathroom, we'll work this out.

14 MR. JIM CREIGHTON: It is a
15 hydrologic problem.

16 SENATOR ROGER BEDFORD: As your
17 counsel, I would ask that that be stricken from the
18 record.

19 MR. PHIL COMER: Thank you. Thank
20 you.

21 MS. ANN COULTER: No. I want it kept
22 in the record.

23 MR. BRUCE SHUPP: Let me try to
24 express the way I see it. Why don't we just say
25 that we're -- that we acknowledge that the overall

1 study will be beneficial but we're going to scope
2 that the critical path of the environmental impacts
3 first and then reconsider whether we go forward from
4 that point, because it may be that August 6th is the
5 longest date we can, and there's no sense spending
6 five million bucks to see if we're going to extend
7 it for a week.

8 MR. PHIL COMER: Who's going to
9 reconsider? The sunset will have long set on this
10 advisory Council before that point is ever reached.

11 MR. BRUCE SHUPP: Our recommendation
12 will be --

13 MR. PHIL COMER: That will be up to
14 TVA to decide.

15 MR. BRUCE SHUPP: That's right. But
16 that would be our recommendation, if they make it to
17 that next decision, then step one would be, are the
18 X number of days and what is X number of days that's
19 satisfactory to spend five million bucks for a new
20 study, that's where I am struggling. That's my
21 problem.

22 MR. JIM CREIGHTON: Roger?

23 SENATOR ROGER BEDFORD: Thank you,
24 Jim. I would ask the Council to consider this, we
25 feel that water quality is a key parameter or

1 scoping area. It's not the only one, but we felt at
2 this point in time, with the information we had, we
3 were prepared to present this as one of the critical
4 paths and one that we think limits the cost and
5 limits the scope. We're not prepared to tell you,
6 nor should we, that it is the only one.

7 So what we're proposing today is the
8 Council to embrace this as a critical path, as a
9 scoping area, and deal with the C part of it from
10 there.

11 Now, the committee feels that a study
12 is needed, but we're not saying that we're not going
13 to come back to you with further refinements and
14 scoping. And I put that on the table, and then I am
15 going to listen rather than talk and let any other
16 members join in or think that's good, bad,
17 indifferent.

18 MR. JIM CREIGHTON: I'm hearing the
19 subcommittee not recommend a staged thing except use
20 water quality, and so forth, but assuming you get
21 past that, I'm hearing the subcommittee is saying,
22 do the study.

23 MR. PHIL COMER: Yes.

24 MR. BRUCE SHUPP: I'm trying to find
25 out what the "get past it" means. What are the

1 other parameters in getting past it?

2 MR. JIM CREIGHTON: Does somebody
3 want to take that on? Jimmy?

4 MR. JIMMY BARNETT: Bruce, when we
5 went and met with the IRM, IMR, whatever, your
6 committee, subcommittee, what we talked about was we
7 wanted them to really consider our water quality
8 information, and, hey, do that first because of
9 these legal parameters.

10 Now what I've heard them say and what
11 I read in here is that they are going -- they want
12 to do the study, this be the first part of it. If
13 it stops the whole study, for whatever reason it
14 does, if it doesn't, if it only does part of it, so
15 the parameter is the critical path parameter, the
16 way they have got it and the way -- I guess the way
17 that I see it is that this could modify what the
18 rest of the study considered, alternatives and
19 everything else, because of the constraints that
20 might come out of it.

21 And I don't want to spend my
22 ratepayers' money on studying something that
23 wouldn't work anyway because it's illegal or
24 whatever. So they put it in here, and I feel pretty
25 good about that -- my individual comment at this

1 point.

2 MR. JIM CREIGHTON: Paul?

3 DR. PAUL TEAGUE: In answer to

4 Bruce's question, what would they do with a 6.5

5 versus 8 or 8 versus 6.5, Bill partly answered that,

6 that the shareholders, stakeholders would have

7 some -- have apples and apples to compare, but if

8 there was ever another Regional Council it would be

9 more important because we would have hard core facts

10 and figures to make a decision. If we had those

11 hard core facts and figures right now, it would be

12 much easier for us to make that decision.

13 Number two, my summary was what Jim

14 just finished saying. The way I read this, No. 1,

15 and this is -- this was brought up in our

16 subcommittee, water quality is a major concern to

17 the Valley, and if the water -- and we have batted

18 this around and around, and the committee, I think,

19 has explained, number one, if it affects water

20 quality, it's all off.

21 And they used water quality as an

22 example because of the scope and parameters, because

23 of its importance, and I don't know that it's a big

24 discussion, because if water quality is affected,

25 then they don't move it. Go ahead and leave it as

1 it is. It sounds to me like it's excellent.

2 MR. JIM CREIGHTON: Okay. Is at
3 least the intent of the committee's wording
4 understood?

5 Bruce, I'm not clear, are you still
6 having heartburn with the logic or --

7 MR. BRUCE SHUPP: It's not the logic.
8 I just think that there's no -- I understand if
9 water quality, quote, is affected, then it won't go
10 forward, but it won't be a shutoff point. It will
11 be that -- it'll say that you can release water for
12 five days or seven days or 12 days, but if you go
13 beyond this, so what I'm saying is, what are the
14 parameters that say it's going to be worthwhile? Do
15 we still go forward in looking at capturing some
16 unknown economic value and loss of revenue to the
17 power program for X number days? What is the
18 trigger point?

19 MR. PHIL COMER: We don't know the
20 answer to that. We don't know the answer to that.

21 MR. BRUCE SHUPP: Who will make that
22 decision?

23 MR. PHIL COMER: TVA.

24 MR. BRUCE SHUPP: Well, how come --
25 what if you aren't happy with that decision?

1 MR. PHIL COMER: We're not happy now.

2 MR. JIM CREIGHTON: Greer?

3 MR. GREER TIDWELL: I was just going

4 to take it all together. Part of what makes that

5 decision less dangerous, if you will, is the public

6 participation part of it. So that's insurance

7 against --

8 MR. BRUCE SHUPP: EIS process.

9 MR. JIM CREIGHTON: If we're through

10 with C, I have a housekeeping thing. Who must be at

11 the airport for a 5:00 p.m. flight? The van leaves

12 at 3:45, we need to know numbers. One, two, three,

13 four, five people. I see five hands. Okay.

14 Sandy, five people for the 3:45 van.

15 MS. SANDRA HILL: Okay. Thank you.

16 MR. JIM CREIGHTON: We are on -- I

17 guess do you want to come back to C? We've

18 clarified it. The question is whether you disagree

19 with it.

20 MR. BRUCE SHUPP: I think Greer's

21 point was good. We have an EIS process that can

22 hammer that through. Although, I'm not sure that

23 we're still giving good enough guidance, but that is

24 true, we can leave it with that.

25 MR. JIM CREIGHTON: D is

1 incorporating public participation. The specific
2 part is it's recommended it be done by one or more
3 ad hoc committees, and so on.

4 Herman?

5 MR. HERMAN MORRIS: I'm going to try
6 to use D to comment on C. I think it can be done
7 because I think they relate. It sounds to me like
8 what we're saying is we want -- we are recommending
9 a study, an environmental impact study, that we want
10 the results to -- we wanted to involve public
11 participation, we want the results to be public, and
12 I would assume to invite or have additional comments
13 or opportunity for comments from either this group
14 or some other group of stakeholders. And assuming
15 it gets passed that crucible, that it would then
16 proceed with additional elements of the study as it
17 would speak to when and where and how water levels
18 should be maintained at the various lakes.

19 If that's the sense of what the
20 committee said, then I think I understand it. I
21 don't know that I agree with all of it, but I do
22 understand it.

23 MR. JIM CREIGHTON: Well, from
24 Greer's comment, I'm assuming that the committee is
25 thinking that if you have a critical path front-end,

1 at the point where you have the data from that
2 critical path there would be a juncture in which
3 there would be some public participation.

4 If the study then goes on, there
5 would be continued public participation past that
6 point as well, but you would design your process so
7 the public participated in that critical path
8 analysis.

9 MR. HERMAN MORRIS: Just one
10 follow-up comment. What it felt like to me we were
11 trying to do but that we didn't feel like we could
12 actually do, we're trying to do a wheel. We think
13 we're not going to exist at some point in time. We
14 want certain things to happen in a certain sequence,
15 and we're kind of bumping up against having enough
16 trust in the designated trustees to carry out and
17 exercise some of the judgments. So we're trying to
18 make it very precise and very detailed, and it seems
19 to be getting more and more complex and not getting
20 any closer to solving that problem.

21 MR. PHIL COMER: Let me tell you,
22 Herman, and everybody else, the genesis of this. It
23 really started with the internal TVA lake study
24 plan, whatever they call it, that they created and
25 had a report on back on in 1998. It was an

1 internal -- this internal group within TVA that
2 first used this very language, almost verbatim.
3 And I don't pretend to read their
4 minds as to what they have in mind, but I will tell
5 you why some of we lake people read that with joy;
6 and that is, the study that was published in
7 December of 1990, which was a fantastically good
8 study as far as it went, 90 plus percent, it had one
9 enormous -- it had one -- not only one, but it had
10 one enormous flaw, and that was chart No. 28 in
11 which TVA published an alleged cost to whomever but
12 a cost if the lake levels were left up longer than
13 August 1 or if they were left up until Labor Day or
14 October 31st. Unfortunately, they didn't study
15 October 1st, they skipped that, which is very
16 strange. And the number that they came up with, 84
17 million dollars a year blows your mind. I mean,
18 that's just absolutely -- everybody said, my God,
19 we're not going to do that.
20 But when you analyze that chart No.
21 28, it is very much flawed. And I, for one, call it
22 a unilateral declaration on the part of TVA, and
23 there was no participation on the part of any
24 stakeholder groups or lake levels groups, never had
25 an opportunity before that was printed, and

1 therefore, cast in concrete to sit down and say,
2 God, that number is ridiculous. It is flawed.

3 MR. BILL FORSYTH: Tell them what the
4 big flaw was.

5 MR. PHIL COMER: Well, I don't want
6 to get into, you know, the specifics of it now. But
7 what this is saying, and this what the internal TVA
8 task force, Lake Level Task Force is what they
9 called it, said, don't let that happen again.
10 Involve not hundreds of people in the public but --
11 in fact, there's a provision in federal law under
12 environmental impact statements.

13 Is Greer here?

14 I think that there is a provision
15 that's a peer review. There is a provision within
16 the law governing environmental impact statements
17 which encourages not just random public people but a
18 peer review of certain allegations or claims or so
19 forth, and that's what we're really saying. But to
20 include among others, now, the among others, members
21 of whoever is on a Regional Resource Stewardship
22 Council at this time or in the future, if such exist
23 after this one's sun has set, but that's the genesis
24 of this.

25 Chart No. 28 is an enormous choking

1 problem on the 1990 study.

2 MR. JIM CREIGHTON: Stephen?

3 DR. STEPHEN SMITH: I want to sort of
4 flesh out a little bit more about D and make sure
5 that I understand it because I'm -- I mean, there
6 are clear provisions within NEPA about public
7 participation. And there are, I guess guidance may
8 be the right word, about peer review or shopping it
9 around with sister federal agencies or whatever it
10 is.

11 I guess what I'm trying to understand
12 because -- and I'm not taking an opinion on it one
13 way or another, I just want to understand it better,
14 what is recommended here is that TVA go beyond the
15 minimum criteria associated with environmental
16 impact statement, public participation, and seek to
17 establish an ad hoc committee that would, in
18 essence, have key members of the public or members
19 of the resource council or whatever to work with
20 them along the lines -- along the course of
21 developing this to provide some, in essence,
22 realtime feedback before the draft environmental
23 impact statement is completed.

24 Is that what you're recommending?

25 MR. PHIL COMER: Essentially, yes.

1 DR. STEPHEN SMITH: It is asking for
2 TVA to go --

3 MR. PHIL COMER: That's their
4 recommendation. That's the internal TVA task force
5 recommendation.

6 DR. STEPHEN SMITH: I just want to
7 make sure I'm clear.

8 MR. PHIL COMER: I thought it was an
9 excellent one.

10 DR. STEPHEN SMITH: I just want to be
11 real clear because there are -- you know, like you
12 said, the letter of the law is --

13 MR. PHIL COMER: They didn't do that
14 in 1990.

15 SENATOR ROGER BEDFORD: Stephen, you
16 are correct. The reason for it is -- I would not
17 know chart 28, and I'm not embarrassed to say it, if
18 I saw it here today, but I have picked up one thing.

19 MR. PHIL COMER: But he believes me.

20 SENATOR ROGER BEDFORD: I think all
21 of us have picked this up through all of this
22 hearing, if we've been listening; and that is, there
23 is an element of the stakeholders in the Valley
24 that, for whatever reason, feel like that they have
25 not been listened to by TVA. So we felt like --

1 DR. STEPHEN SMITH: You really think
2 so?

3 SENATOR ROGER BEDFORD: We felt like
4 that, A, this Resource Stewardship Council is a good
5 thing and it's a positive thing, and we wanted to
6 make sure that we encouraged TVA, as they develop
7 this study, to continue to listen, to continue to
8 reach out, and to go beyond the very minimum that
9 the law would require --

10 MR. JIM CREIGHTON: Roger, would --

11 SENATOR ROGER BEDFORD: -- to build
12 confidence in the study itself.

13 MR. JIM CREIGHTON: Roger, would the
14 wording we recommend that this include forming one
15 or more things? As it is now, this is an
16 exclusionary sentence. It says the way to do it is,
17 and I think what I'm hearing is, in addition to
18 whatever else you might have planned, be sure to --

19 SENATOR ROGER BEDFORD: That may be
20 said in a better way.

21 MR. JIM CREIGHTON: So I'm wondering
22 if the wording were changed to, we recommend that
23 this include forming one or more ad hoc committees,
24 if that's the intent, I think it would be clearer,
25 because this seems to imply --

1 MR. PHIL COMER: Say that again.

2 MR. JIM CREIGHTON: Just the second
3 sentence, say, we recommend that this include
4 forming one or more ad hoc committees, that gives
5 your intent that it not just be y'all come meetings,
6 but it also doesn't exclude the other kinds of
7 public participation.

8 MR. PHIL COMER: Let me make a very
9 friendly observation, a very friendly observation
10 that underscores this.

11 In October just past, the year 2000,
12 here we are ten years later, for the first time I
13 had an opportunity to sit down for two hours, two
14 and a half hours, one-on-one with Chris Ungate, the
15 outstanding TVA person who headed up this study in
16 1990, and just the two of us talked for about two
17 hours.

18 Of course, my real thing was this
19 chart No. 28. And I said to -- I won't prolong
20 this, but, Herman, this gives you kind of an example
21 of what this could mean. I said to Chris, Chris, I
22 don't understand -- I've really never understood how
23 in the world you ended up using only eight and a
24 half years as the depreciation period for a 575
25 million dollar capital investment in a new fossil

1 generating plant.

2 And Chris looked at me and he said, I
3 don't know what you're talking about. I didn't use
4 eight and a half years for that. You're the first
5 person who's ever mentioned that. We don't use
6 depreciation in TVA. We're not a taxed institution.
7 You're coming from a very peculiar different place
8 where depreciation is a real thing in private
9 industry. That never entered my mind before.
10 Depreciation, that's only important if you pay tax
11 and you want cash flow to have depreciation, you
12 know, as a tax credit. They don't have that. They
13 don't have that to deal with.

14 That is an example as if we had put
15 down before that number, and that gets crammed down
16 our throat repeatedly by TVA directors, by certain
17 Senators, oh, it's going to cost 84 million dollars,
18 and that number is basically unacceptable and
19 incorrect.

20 If we had sat down for one hour
21 before that was sent to the printer, we could have
22 had this clarification so much earlier and avoided a
23 major of point of contention.

24 MR. JIM CREIGHTON: Greer, did you
25 take your sign down?

1 MR. GREER TIDWELL: Yeah. Steve
2 covered it. Let me put it back up now. What I see
3 this doing, and I practice law and get awfully
4 frustrated sometimes by what lawmakers, excuse me,
5 Senator, have done; and that is, what we're trying
6 to do, figure out how to tell people what to do and
7 to do it well.

8 What these points are making is
9 essentially not to figure out how to do an EIS study
10 but do the right thing, get on with study, use a
11 critical path approach, bring the public into the
12 process and make it open.

13 Now, I want to -- to keep us from
14 getting so bogged down in how you fit that into all
15 the EIS crooks, because TVA has the right people to
16 figure out how to do that or even if they need to
17 make an EIS study, maybe just go forward and doing
18 the right thing, that takes care of the people who
19 just stood up and said, we want to be heard.

20 And then if they decide they need to
21 make some changes, they can do a pretty quick EIS.
22 I'm not -- I'm just saying it's like what we're
23 trying to do -- what's being invented here is just a
24 smart way to do --

25 MR. JIM CREIGHTON: Let me do a

1 little checking with that one wording change where
2 we recommend this include, and so on, is D
3 acceptable?

4 Before we go on to E, I think E may
5 take a little bit longer, and I think we need our
6 own hydrology break. So can we do a ten-minute one?

7 Austin, do you need to talk before we
8 go?

9 MR. AUSTIN CARROLL: Yeah. This is a
10 clarifying point, and correct me I am wrong, Kate,
11 but TVA does recognize depreciation. It's not
12 depreciation as an expense for taxes but --

13 MR. PHIL COMER: They only started
14 that a very few years ago, however, when they
15 started studying more and more public bonds. They
16 have not historically done it.

17 MR. AUSTIN CARROLL: I think always
18 on your balance sheet you have a category for
19 depreciation.

20 MR. JIM CREIGHTON: You do understand
21 this discussion is standing between us and the
22 bathrooms?

23 Kate?

24 DR. KATE JACKSON: If I could offer
25 one other clarifying point. Mr. Comer suggested

1 that TVA refused to provide information on rates and
2 costs to the GAO, that is not correct. The GAO had
3 it. It is considered business sensitive. It was in
4 their reports, and the results of that report are
5 public.

6 MR. PHIL COMER: Well, I would like
7 for you to show it to me, Kate.

8 DR. KATE JACKSON: I think you have a
9 copy of it.

10 MR. PHIL COMER: I do, and that is
11 not in there.

12 DR. KATE JACKSON: Well, they are not
13 going to -- they have a federal sister agency
14 agreement that they will not publish --

15 MR. PHIL COMER: That's what I mean,
16 they did not publish that number.

17 DR. KATE JACKSON: You said that we
18 refused to share that data with the GAO, that is not
19 correct, Phil.

20 MR. PHIL COMER: But they did not put
21 it in their report.

22 MR. JIM CREIGHTON: A break until 20
23 after.

24 (Brief recess.)

25 MR. JIM CREIGHTON: Okay. We are to

1 the last item on here, which is, while the more
2 comprehensive is being completed, we encourage the
3 target date for unrestricted drawdown of the 13
4 tributary lakes be delayed beyond August 1st
5 beginning this fiscal year for as many days as
6 possible within the legal and operational
7 constraints of TVA.

8 Anybody?

9 MR. AL MANN: Roger, I have a
10 question. Do you also mean the eight main lakes?

11 MR. PHIL COMER: Nine main lakes.

12 MR. AL MANN: Sorry. Nine main
13 lakes, not only the tributaries.

14 SENATOR ROGER BEDFORD: I'm sorry.
15 Excuse me.

16 MR. AL MANN: I'm sorry. You weren't
17 ready yet. On E you mentioned the 13 tributary
18 lakes, but you don't mention the main lakes or the
19 nine main lakes.

20 MR. PHIL COMER: That was a mistake
21 on my part. I deeply apologize.

22 SENATOR ROGER BEDFORD: I was going
23 to say, Phil drafted this, so I'm going to defer to
24 him on this.

25 MR. AL MANN: So you mean the whole

1 system?

2 MR. PHIL COMER: Yes, sir. And we
3 should just eliminate 13 tributary and drawdown of
4 the TVA lakes.

5 MR. JIM CREIGHTON: Strike 13 and
6 strike tributary and insert TVA. Okay. Now that we
7 have clarified that, does somebody wish to discuss
8 this?

9 DR. STEPHEN SMITH: I didn't catch
10 that last strike.

11 MR. JIM CREIGHTON: Strike the No. 13
12 and strike the word tributary and substitute the
13 word or the initials TVA.

14 MR. PHIL COMER: That's probably
15 redundant because obviously it's what we're talking
16 about.

17 MR. BRUCE SHUPP: Explain to me the
18 logic of this one. Isn't this what we're studying,
19 and if we're studying this to determine the cost
20 benefit and the wisdom of it, how can we go forward
21 with it before we study it?

22 MR. PHIL COMER: They can go ahead
23 and do it for 14 days right now without any problem
24 whatsoever without another study or anything else,
25 but that's up for them to decide, so --

1 MR. BRUCE SHUPP: I don't understand
2 that. Explain that 14 days to me.

3 SENATOR ROGER BEDFORD: Bruce, this
4 was one of the more contentious parts of it because
5 on the one hand we were asking them to study it,
6 then on the other hand we're encouraging them to
7 keep it up. So this was the consensus that we came
8 up with out of our committee, and that's how we
9 arrived at it. The earlier proposal had been to
10 request them to keep it open, and this was the
11 consensus language.

12 Bill, is that correct?

13 MR. BILL FORSYTH: I think the
14 earlier language said ten days, and we ended up
15 leaving it open-ended following the understanding
16 that they do have a 14-day leeway window in there
17 that's under current operational guidelines.

18 MR. JIM CREIGHTON: Could somebody
19 explain the 14 days? I don't understand.

20 MR. PHIL COMER: Well, on Page 18 in
21 the lower -- next to the last paragraph on Page 18
22 in the 1990 study, it clearly makes a statement that
23 these are guidelines that were established in 1989
24 and that the TVA board has discretion to make
25 certain changes. That's all it says. It doesn't

1 say 14 days in that language on Page 18.

2 I have to answer this very carefully.

3 I'm choosing my words very carefully. In doing

4 certain investigations, and I do about 20 hours a

5 week on this subject, I have reason to believe, and

6 I am choosing my words very carefully, and, Roger,

7 you be my attorney again and keep me out of trouble.

8 SENATOR ROGER BEDFORD: I'm going to

9 start charging you.

10 MR. PHIL COMER: That's all right.

11 I'll put on my expense account and TVA will pay it.

12 MR. AL MANN: I object to that.

13 MR. LEE BAKER: So do I.

14 MR. PHIL COMER: Let me finish saying

15 this. First of all, I quote Barry, and Barry is

16 here. Barry was asked this question way back at our

17 second or third meeting, and his answer, you know,

18 could TVA change from August 1 without having to do

19 an environmental impact statement.

20 And Barry very judiciously and

21 carefully and wisely said, well, they could delay it

22 one day and it wouldn't trigger a new environmental

23 impact statement. They couldn't delay it until

24 Labor Day probably without it triggering.

25 Then he explained, as he did in a

1 good presentation, back in a second or third
2 meeting, that at some point the process they go
3 through, et cetera, et cetera, and determinations
4 are made, or all it takes is one responsible group
5 or interested group or even a disinterested citizen
6 to challenge this, but in the process of trying to
7 look into what other situations similar have done,
8 have been allowed to do without triggering another
9 full environmental impact study, I have been assured
10 from responsible people that probably up to 14 days
11 or up to two weeks would probably -- could be done
12 without necessitating a full study, but anything
13 beyond that would probably necessitate a full study.

14 So I backed off from 14 days to 10
15 days thinking, you know, they know that deep in
16 their hearts with the private wisdom of Barry and
17 others, and so forth, but Austin didn't like that.
18 So this is Austin's language that got changed to
19 this. I wanted 10 days. So I don't know how else
20 to answer it, except I wanted a definitive 10 days.
21 To me 10 days was better than this language. Austin
22 felt more comfortable really with a less definitive
23 word, and therefore, leaving it more up to TVA to
24 decide.

25 Is that fair?

1 MR. AUSTIN CARROLL: (Moves head up
2 and down.)

3 MR. JIM CREIGHTON: Fourteen days is
4 an estimate of the degree of flexibility TVA has
5 without triggering the need for a NEPA study?

6 MR. PHIL COMER: And you'll have to
7 put this down as Phil Comer's informed opinion, and
8 I am not an attorney, but you better believe I
9 researched it pretty thoroughly.

10 MR. JIM CREIGHTON: Bruce?

11 MR. BRUCE SHUPP: Even given, if we
12 can, if that is your informed opinion and it's
13 accurate and we can do that, I would think this
14 would be bad faith negotiating here, that anybody
15 that's out to destroy the credibility of this
16 Council and the credibility of what our
17 recommendation would be doing on this new study
18 would look at this and say, are you kidding me,
19 you're just telling us you're going to spend five
20 million bucks of ratepayers' money to do a study and
21 then you're telling TVA, oh, forget it, do 14 days
22 of drawdown anyway.

23 What do we need to spend the money
24 for if --

25 MR. PHIL COMER: No. They can do 90

1 days.

2 MR. BRUCE SHUPP: Regardless if they
3 can, I'm saying this is a bad policy for us to go
4 forward with because it shows poor faith
5 negotiations. It's saying, let's do it even though
6 we don't know what the answers are. I don't think
7 that makes sense.

8 MR. PHIL COMER: Well, I'm sorry. I
9 think it makes eminently good sense, and there's
10 nothing bad faith about it. There are those of us,
11 sir, who feel that there's been a great deal of bad
12 faith for more than 68 years on -- and people waited
13 50 years before they made the change they did in
14 1990, 50 years people were told, we can't do it, we
15 can't do it, we can't do it, and then all of a
16 sudden we can do it.

17 MR. BRUCE SHUPP: But to do it 14
18 days without doing a study, why spend five million
19 dollars and do a study?

20 MR. PHIL COMER: Because we're not
21 satisfied with 14 days. We think that it can be
22 extended to October 1 pending a study.

23 Does that make sense, Bruce?

24 MR. BRUCE SHUPP: You think, but
25 there's people that think that you're wrong.

1 MR. PHIL COMER: I understand that.

2 I understand that. I'm surrounded by them.

3 MR. JIM CREIGHTON: AI?

4 MR. AL MANN: When we speak of
5 drawdowns -- unrestricted drawdowns, usually the
6 drawdowns -- and I can't -- because I don't know
7 these dates right off the top of my head, but on
8 Kentucky Lake I think you start around July the 4th
9 or July the 5th, I think Janet told me that, and it
10 slowly drops.

11 MR. PHIL COMER: It's only if it's
12 above the targeted dates that were published in that
13 book, and that happens on most all the lakes. The
14 targeted date on Douglas Lake for August 1 is 9/'90.
15 The targeted date -- and this is why we don't use
16 the term full lakes. The lakes are never full
17 hopefully, except in extreme rare cases like Hugo or
18 something of that sort.

19 This normal summer pool, which still
20 leaves a safety factor for a severe summer
21 rainstorm, et cetera, et cetera, but there are
22 target dates that were established in -- and
23 remember target dates, not guarantees, this depends
24 on rainfall and runoff, certain target dates for
25 like June 1 and then August 1.

1 Douglas Lake target date for August 1
2 is 990 feet above sea level. Many, many times in
3 June and July the level will actually get to 995,
4 994, 997, and it's clearly written in the 1990 book
5 that in that event it is entirely up to TVA to use
6 that water that's in excess of the targeted date
7 anytime they choose. They can start, Kate, June 30,
8 July 4th, whenever, and they try to do that if
9 rainfall and runoff permits this.

10 Many people misunderstand this and
11 say, oh, they start taking our lake down July 4th.
12 I ought to be on TVA's payroll for the number of
13 meetings I have attended and explained this to irate
14 property owners and boaters.

15 In ten years in the record that I
16 have on Douglas Lake, they have never failed to meet
17 the drawdown from 9/'90 on the August 1 date. They
18 have never taken it down prematurely, but almost
19 every year they are ahead of rainfall. It starts
20 dropping, but it isn't dropping from 990. It's
21 dropping from 994, 997, 993, which is entirely fine.

22 Kate, is that okay?

23 DR. KATE JACKSON: (Moves head up and
24 down.)

25 MR. PHIL COMER: You do agree with

1 that?

2 DR. KATE JACKSON: Typically what we
3 do is with -- the June 1 target date is typically
4 higher than the August 1 target date. So between
5 June 1 and August 1 we do a very slow withdrawal for
6 economic generation. The unrestricted draw begins
7 on August 1st, and that's what this is addressing.

8 MR. AL MANN: Okay. Got you.

9 MR. JIM CREIGHTON: Austin?

10 MR. AUSTIN CARROLL: Just as a
11 clarification, Kate, is -- is our assumption
12 correct? I am going to ask it again, I guess.
13 There is maybe some wiggle room in there on the
14 unrestricted drawdown that, yeah, it starts on
15 August 1 but without invoking another study and
16 without violating some EPA requirement, that if you
17 had a year where you had quite a bit of rain, or
18 whatever, that you might be able to delay it, you
19 know, a few days and not cause any irreparable harm?

20 MR. PHIL COMER: It's happened twice
21 in the last ten years.

22 DR. KATE JACKSON: Typically what's
23 happened is based on hydrology events, but there is
24 some flexibility in the way those minimum operating
25 guides allow us to operate the system. The question

1 that I don't -- I won't answer is how many days
2 without doing any kind of full blown study, without
3 doing an environmental review could you extend it, I
4 mean, that's something that I don't think we have a
5 policy answer on.

6 MR. AUSTIN CARROLL: What we're --
7 Bruce, what we were saying is, if TVA has some
8 latitude there and the conditions are right, and
9 it's not going to cause any, you know, loss of hydro
10 or whatever, then, you know, why couldn't they delay
11 it three or four days or a week or whatever it is?
12 I mean, what we understood was the -- there was some
13 wiggle room in there and allow TVA to look at that,
14 and when they could, to do that or ask TVA to
15 consider that.

16 MR. JIM CREIGHTON: Am I correct that
17 this is actually within the existing legal --

18 MR. AUSTIN CARROLL: We should have
19 said existing right there probably right in front of
20 legal.

21 MR. PHIL COMER: This has actually
22 happened twice in the last ten years on Douglas Lake
23 because of heavy rainfall events. Kate uses the
24 expression hydrology events.

25 MR. JIM CREIGHTON: It's really sort

1 of a statement to the effect that, hey, guys, if
2 there's any possible way you can extend it a little
3 further while you're doing the study, we would be
4 really grateful and we encourage it.

5 MR. PHIL COMER: Beginning this
6 August.

7 MR. AUSTIN CARROLL: We're not
8 saying, you know, 90 days or hold it up all year or
9 any of that kind of stuff, but if there is some
10 discretion in there, then we are asking them to
11 exercise it.

12 MR. JIM CREIGHTON: Within existing
13 legal and operational constraints, to what extent
14 they could do it legally and operationally but they
15 could make some money by selling during that period,
16 what -- how do they make that judgment call?

17 MR. AUSTIN CARROLL: I think that's
18 an operational constraint.

19 MR. BRUCE SHUPP: Haven't you been
20 asking them to do that every since 1990?

21 MR. PHIL COMER: Yes. Every since
22 1945 actually.

23 MR. BRUCE SHUPP: Well, then what's
24 the difference with this request than the others?

25 MR. PHIL COMER: Well, presumably

1 they are going to listen to this august Council more
2 than they have individual lake groups whom they
3 don't listen to very much.

4 MR. JIM CREIGHTON: Greer has been
5 trying to get on for some time. Let me get him. W.
6 C., put your thing up so I can call on you.

7 MR. GREER TIDWELL: Thank you, Jim.
8 I think that Bruce and Phil got right next to the
9 real issue here; and that is, that TVA has gone out
10 on a limb to develop this Council, and if this is
11 the consensus opinion of this Council, then, in
12 essence, what we're bottom line saying is, TVA, you
13 have to come back and explain to us why you're not
14 doing this, start to shift that debate.

15 And Phil is an extremely astute
16 gentleman, I can tell that, and he knows exactly
17 what he's doing, and that is what we would be doing.

18 I haven't been involved in the debate
19 long enough to know whether it's good to add a few
20 days or not add a few days on lake levels, but I
21 know that's what we're doing, and I just wanted to
22 say that so we all have that out on the table.

23 MR. PHIL COMER: It would be the
24 greatest PR thing TVA ever did in the last 30 years.

25 MR. GREER TIDWELL: We have been told

1 that the TVA board will not be able to ignore
2 something coming out of this Council. We all
3 believe that to be the case. I wouldn't be here if
4 I didn't think that was the case. That's what this
5 will be doing is telling TVA, you're going to have
6 to come back and explain to us why you're not going
7 beyond August 1st.

8 MR. JIM CREIGHTON: W. C.?

9 MR. W. C. NELSON: I agree with what
10 Greer was saying. Basically what I wanted to say is
11 it's no more than a goodwill gesture to show that
12 TVA is listening to this Council, because we need
13 some credibility with our folks, with our
14 constituents at home, that, in effect, if they can
15 delay it a few days at least, it shows that they are
16 listening.

17 MR. JIM CREIGHTON: Any further
18 debate?

19 I guess the question is, as it's been
20 defined and with the one wording changes, is E
21 acceptable?

22 MR. BRUCE SHUPP: I still feel the
23 same way. I think it's inconsistent with our other
24 recommendations. I don't understand it, I guess,
25 but I think it's inconsistent and I think it hurts

1 us to make that recommendation.

2 MR. JIM CREIGHTON: Everybody else is
3 comfortable? Okay. We do not have unanimity.

4 MR. BRUCE SHUPP: Explain it to me.
5 Help me understand why we're doing this if we're
6 asking for a study.

7 MR. PHIL COMER: Do you want to have
8 another break for the restroom?

9 MR. BRUCE SHUPP: Roger, could you
10 explain it to me?

11 SENATOR ROGER BEDFORD: Bruce, this
12 subcommittee has been wrestling with this issue
13 since our conception, and we went through many
14 drafts of language. And I thought, and the majority
15 thought when we started out working with this
16 proposal, that it was highly inconsistent to say, we
17 want you to study it, but we also want you to keep
18 it up 14 or 10 days.

19 I'm convinced in my mind, and I have
20 not read all of these reports, but there's got to be
21 some natural flexibility within the legal and
22 operational constraints of TVA. They may need to
23 draw it down two days early because of some rain
24 event. They may need to keep it up three or four
25 days longer, I believe that, just common sense tells

1 me that.

2 So this was a compromise that the
3 committee reached that said, if you can keep it up
4 within your operational and legal constraints, we
5 would like you to look at that and do it, if you
6 can, and that's -- it wasn't unanimous, but it was
7 something that the committee eventually got
8 comfortable with when we took out the number of days
9 and we put in the operational constraints. I think
10 existing legal is an improvement on it.

11 I think your point is well made.
12 We're asking them both to study but also keep it up,
13 but the consensus was that they could do this, it
14 would be a goodwill gesture, and you're not asking
15 them to keep it up until day 15 or day 12 or 30 days
16 or whatever, that is the background. And I'm not
17 saying right or wrong or indifferent. You asked me
18 how did we get do this point, and that's how we got
19 to this point.

20 MR. JIM CREIGHTON: Bill and then
21 Stephen.

22 MR. BILL FORSYTH: Bruce, you heard
23 and saw all the people that lined up and begged and
24 pleaded to do something about the lake level issue,
25 and it was by far our biggest comment. One thing

1 we're doing here is just giving them something, you
2 know, give them something.

3 SENATOR ROGER BEDFORD: The word
4 encourage, I think, was a real factor for us because
5 we're not telling them to do it, we're encouraging
6 them to do it.

7 MR. JIM CREIGHTON: Stephen?

8 DR. STEPHEN SMITH: Yeah. You know,
9 Bruce, I shared a lot of your -- I mean, I saw a
10 conflict there. And the language that helped
11 reconcile it in my mind was when we added the legal
12 and operational constraints because, in essence, I
13 think, you know, there is -- there is that
14 understanding and it does -- you know, it really
15 does bound and limit it. I mean, to be honest with
16 you, other than signalling that we have grappled
17 with this, I don't see that it -- I mean, TVA is
18 pretty much going to do this anyway, in my opinion,
19 I mean, because they've certainly taken enough heat
20 on this issue.

21 So I don't know that -- personally I
22 don't know that it means a whole lot. It does
23 signal some things. And I understand that it's
24 hearing from the Council, but, you know, they have
25 that discretion already.

1 MR. BRUCE SHUPP: That's right. I
2 wonder if it wouldn't be a good idea then to add the
3 language as a goodwill gesture during the study
4 process, you know, we urge TVA as a goodwill gesture
5 during the study process to --

6 SENATOR ROGER BEDFORD: I'm
7 comfortable with that.

8 MR. BRUCE SHUPP: Rather than a
9 dictate, it's if possible.

10 MR. JIM CREIGHTON: Does anybody have
11 a problem with that change?

12 MR. PHIL COMER: Where would you
13 interject it?

14 SENATOR ROGER BEDFORD: Put it after
15 completed.

16 MR. JIM CREIGHTON: We've got a
17 couple of people that are still thinking about this.
18 Al and Paul are still thinking about it.

19 DR. PAUL TEAGUE: Putting a goodwill
20 gesture on there concerns me a little bit. I will
21 accept it, if that's the unanimous of the Council,
22 but that's like saying, hey, we're giving -- you're
23 publicizing or making public, all we're doing is
24 giving you a little cherry or just a little bit to
25 keep you quiet, and I think adding that puts a

1 question mark in the consumers' mind more than
2 anything else. Leave it generic like it is and it
3 is better for TVA to say, hey, we are doing
4 something rather than saying it's a gesture.

5 MR. BRUCE SHUPP: Well, maybe it's
6 the wrong language. All I'm thinking is we're
7 saying, while the study is going on, if it's at all
8 possible to maintain this within the legal and
9 operational constraints, you know, to show that it's
10 a recognition of the facts that we're studying it
11 and we hope we can do more.

12 DR. PAUL TEAGUE: I don't interpret
13 it that way if you put that language in there. If
14 you put that language in there, look, we're going to
15 give you just a little bit of a nibble but we're not
16 going to give you the whole bite of cheese, so you
17 can forget it after this little nibble. Just leave
18 it as it is, it's a gesture that you're going to --
19 that you're doing the best you can and maybe more
20 will come later, that's my only point.

21 MR. JIM CREIGHTON: Al, did you
22 decide?

23 MR. AL MANN: I agree with Paul.

24 MR. BILL FORSYTH: I agree with Paul
25 also.

1 MR. JIMMY BARNETT: I favor leaving
2 it like it is. I have a problem also with as a
3 gesture or anything like that. It says encourage.
4 It says within the existing legal and operational
5 constraints, and that makes me happy. So as long as
6 it's -- I have no problem with it as long as it's
7 within it -- like I say, you can do it anyway, so
8 why not go ahead and encourage them do it?

9 MR. JIM CREIGHTON: So you're saying
10 it's encouraged and not demand, but it also isn't
11 asking them to change their operational --

12 MR. JIMMY BARNETT: That's correct.

13 MR. AL MANN: Read the whole
14 paragraph.

15 MR. JIM CREIGHTON: Okay. While the
16 more comprehensive study is being completed, we
17 encourage the target date for unrestricted drawdown
18 on the TVA lakes be delayed beyond August 1st
19 beginning this fiscal year, for as many days as
20 possible within the existing legal and operational
21 constraints of TVA.

22 Okay. I think Bruce is saying he can
23 put up with it.

24 MR. BRUCE SHUPP: Yes. I don't want
25 to delay it any longer. I find it hard to believe

1 that I'm the only one that sees the danger in that
2 paragraph.

3 MR. PHIL COMER: I know how you feel,
4 Bruce.

5 MR. JIM CREIGHTON: He feels your
6 pain.

7 MR. BRUCE SHUPP: He and Bill
8 Clinton.

9 MR. PHIL COMER: I feel that way most
10 days.

11 MR. JIM CREIGHTON: Okay. In our
12 definition of consensus we allowed for the fact that
13 there might not be equal levels of enthusiasm.

14 MR. BRUCE SHUPP: That's right.

15 MR. JIM CREIGHTON: I think consent
16 will be acceptable here. I am hearing Bruce consent
17 to it, if not endorse it. So let me go back and
18 kind of review where I think we're at.

19 I think back on two, the first clause
20 of that, encourage TVA to operate the reservoir
21 system for sustainable growth, Ann was asking for
22 some little bit of elaboration. I think there was
23 an agreement that there would be some massaging of
24 the language on that.

25 On C I think we -- I think there was

1 agreement on the intent of what you're saying, but
2 there was so much confusion about that, my
3 impression is you probably need to massage the
4 language a tad.

5 Do others agree with that?

6 MR. PHIL COMER: I never did get
7 anything -- I was trying to take notes on these
8 consensus changes. I never did get any definitive
9 suggested language on C.

10 SENATOR ROGER BEDFORD: Jim, I would
11 ask you to revisit this now that we have worked our
12 way all the through from the points of view. Is
13 there anyone who does not think water quality should
14 be the beginning of the critical path or one of the
15 key elements, because after we met with that
16 subcommittee we were convinced that it should be,
17 and it made economic sense to have it in the
18 beginning. So if the Council doesn't feel that way,
19 then please give us some direction on it.

20 MR. JIM CREIGHTON: I had the
21 impression everybody was in agreement on that, it
22 was just whether reading this that's what they got
23 from it.

24 MR. AUSTIN CARROLL: Something for
25 thought, after thinking about that a little bit, you

1 know, I started questioning what was our challenge
2 as this Council. Should we be going even further in
3 setting like additional parameters and then even
4 within the broad parameters and some smaller ones?

5 Like, for example, when you're
6 looking at water quality, then what is acceptable
7 and what is not acceptable as far as degrading water
8 quality? Is that something that we should be
9 wrestling with or does that fall out under the
10 scoping process?

11 MR. JIM CREIGHTON: You have a
12 sentence in here about the applicable laws in the
13 seven states.

14 MR. JIMMY BARNETT: I wanted to
15 respond to that particular thing. I don't think we,
16 as a Council, could set those. I would not even
17 attempt to do try to do that. I think the laws of
18 the states are going to have that out there. It
19 will -- and I'm not for sure, I will be giving
20 Jimmy's opinion. Okay? I don't know this for a
21 fact.

22 I would assume though, being an
23 engineer, taking an engineering approach at it, that
24 you said, okay, we're going to look at August 15th,
25 we're going to look at, you know, September the 1st,

1 or all of those particular dates, all right, what
2 happens if we do that?

3 I think the study is going to come
4 out in water quality and say, well, this will happen
5 and that will happen and this will happen. Then the
6 states will look at it and say, hey, we can't
7 tolerate that, back it off back five days, run it
8 another five days, you know, whatever increments,
9 the study winds up getting made, and better heads
10 than mine could decide that.

11 I don't -- I would hesitate to try to
12 put any other constraints, other than there are the
13 laws out there of the land, and those are the laws,
14 and if what we do with the best scientific advice
15 that we can get on this study, which I am assuming
16 TVA will get the best advice they can, then these
17 things will just fall out naturally.

18 MR. AUSTIN CARROLL: Well, just, for
19 example, there might not be a legal reason. Like,
20 if I recall, when we had the presentation about
21 those big trout down below Norris.

22 MR. PHIL COMER: South Holston.

23 MR. AUSTIN CARROLL: Norris.

24 MR. PHIL COMER: South Holston.

25 MR. AUSTIN CARROLL: Norris. And

1 anyway, there was a very fine line there on the
2 water temperature that it took to sustain those
3 things. Well, I mean, it may not be a law that says
4 you have got to, you know, keep it up there, but we
5 know that if we hold the water back and we don't
6 release some water for those fish they are going to
7 die.

8 I mean, who sets that?

9 DR. STEPHEN SMITH: Well, you know,
10 Austin, I think that's a good point in the sense
11 that there is the legal thresholds that you cross,
12 which, you know, clearly no one is advocating for.
13 Then there is the qualitative thresholds, because
14 you could theoretically degrade water quality to a
15 certain point and still be within the legal
16 operational limits.

17 Now, my sense is that some of that is
18 going to be, you know, fleshed in the public domain
19 in the sense -- in response to like a draft
20 Environmental Impact Statement that actually puts it
21 out there.

22 And I would also assume, contrary to
23 what some have people said, I have a feeling that
24 this Council or some semblance of it or the sun of
25 this Council, however you want to go, is still going

1 to be around because there's going to continue to be
2 a need to consult and advise, and this issue may
3 reappear based on the completion of that study for
4 some group like this to revisit. So you're right,
5 there are qualitative versus legal points, and
6 somebody is going to have to make a judgment call.

7 MR. AUSTIN CARROLL: I just wanted to
8 get that out on the floor.

9 MR. BILL FORSYTH: I don't think we
10 have the time, or in my case the expertise, to start
11 micro managing this thing. I think we need to set
12 broad guidelines and let it go at that and let the
13 people that know what they're doing follow those
14 guidelines.

15 MR. JIM CREIGHTON: Let me ask on C,
16 I had expressed an opinion that the wording here was
17 confusing, but my opinion doesn't matter a hill of
18 beans here. It's irrelevant if you're satisfied
19 with this.

20 So I guess the question is: Is the
21 committee, as a whole, comfortable with this
22 language as capturing the intent as you understand
23 it, and so on?

24 The answer is yes. Okay. Then
25 strike all of that about Jim Creighton's opinions

1 about wording.

2 The wording changes I know about are

3 some elaboration of the first clause in II.

4 DR. STEPHEN SMITH: Go back to I. We

5 were going to add something on the --

6 MR. JIM CREIGHTON: That's right. On

7 I there was going to be some language about water

8 quality.

9 MR. PHIL COMER: Where are you

10 talking now?

11 MR. JIM CREIGHTON: The fifth bullet

12 was going to have some language that included water

13 quality. We got peaking also -- "for peaking" also

14 came out of the second bullet.

15 MR. PHIL COMER: Then in the part

16 you're talking about, after the semicolon,

17 protecting water quality, I believe that was the

18 suggested language.

19 DR. STEPHEN SMITH: The good news in

20 that, a lot of power optimization actually does

21 improve water quality too with some of the new

22 turbines. So it doesn't need to be a conflict.

23 MR. JIM CREIGHTON: Back to I, the

24 second bullet on hydropower, the words "for peaking"

25 are deleted.

1 The fifth bullet, something about
2 water quality, and it sounds like the proposal is
3 that after optimizing for power production, colon,
4 then there's another clause saying, protecting water
5 quality, colon.

6 Is that acceptable?

7 MR. PHIL COMER: That's my
8 understanding.

9 MR. JIM CREIGHTON: Then when we get
10 down to II, I know we agreed to some elaboration.
11 Ann, can you comment again on what was the purpose
12 of that elaboration? It was that this was too
13 motherhoody or too general?

14 MS. ANN COULTER: Yeah. I think it's
15 pretty open to a lot of different interpretations,
16 but I'm not caught up on whether or not that gets
17 clarified here. I mean, I was asking sort of
18 rhetorically what form will these things move
19 forward in, and whatever that form is may be
20 appropriate from -- for some additional description
21 or clarification.

22 MR. JIM CREIGHTON: As I remember the
23 conversation, it was some language like existing --
24 these be treated as existing commitments or that
25 existing commitments be considered as constraints or

1 something like that.

2 SENATOR ROGER BEDFORD: Jim, I think
3 Ann's right, the approach to try to catalog it is
4 not the way to go, but on the other hand, we felt it
5 was very important that industries that had located
6 and made the commitment to have the financial
7 infrastructure and to hire these people not feel
8 that that would not be honored in any future study
9 or not be taken into account for it. So if we can
10 refine the language to better say that, I'm
11 comfortable.

12 MR. AL MANN: Ann, are you saying
13 operate the reservoir system for a sustainable
14 growth, keep existing commitments in the industry,
15 is that what you're trying to say?

16 SENATOR ROGER BEDFORD: Two things.
17 One is -- Bill can say it better than me, I think,
18 but we want TVA to continue to operate the system to
19 allow for future growth and development, but we also
20 want to make our existing industries comfortable
21 with the fact that they are going to honor those
22 commitments. And some of those commitments, as we
23 have heard from some of the testimony, is water
24 flow, discharge amounts, temperatures. I couldn't
25 catalog all of them.

1 MS. ANN COULTER: And I think that's
2 exactly what you could say. What you just said is
3 much clearer to me than this statement.

4 SENATOR ROGER BEDFORD: That's fine.
5 I mean, I'm comfortable either way, but that's what
6 we were trying to allude to without cataloging.

7 MR. AL MANN: You're talking about
8 commitments the industry made to TVA, not
9 commitments that --

10 SENATOR ROGER BEDFORD: No. TVA made
11 commitments to the industries, Boeing, Courtland,
12 Champion down my way. I'm sure they are all up and
13 down the river. Darrell, in particular, talked
14 about the one to his plant.

15 MR. JIM CREIGHTON: Roger, you're
16 taking on to massage the language a little bit to
17 pick up the clarification you just mentioned?

18 SENATOR ROGER BEDFORD: I didn't
19 volunteer, but I will be glad to. Maybe Phil can.

20 MR. PHIL COMER: I'm trying to write
21 this down. I end up being his secretary.

22 MR. BRUCE SHUPP: Roger, I just
23 suggest that you do put that language in for water
24 flow or water quality, whatever you want to say, and
25 also add communities to it, existing industries

1 and --

2 SENATOR ROGER BEDFORD: What would be
3 the better word, Jimmy? Memphis. I'd have to
4 negotiate over some Rendezvous ribs.

5 MR. PHIL COMER: Which words did you
6 decide on?

7 SENATOR ROGER BEDFORD: Communities.

8 MR. JIM CREIGHTON: Jack was
9 proposing we insert the word, save Chattanooga,
10 but --

11 DR. STEPHEN SMITH: I just want to
12 make sure we don't lose the words "sustainable
13 growth" because there is implications there.

14 MS. ANN COULTER: Well, I think that
15 is one thing that particularly then needs
16 clarification because that -- I think that's a very
17 multi-interpreted term.

18 DR. STEPHEN SMITH: Well, then --

19 MS. ANN COULTER: What Roger said,
20 which clarified that for me, even though -- of
21 course, we need to capture what everyone understood
22 would be said, to operate the reservoir system to
23 allow for future growth and development, instead of
24 sustainable growth, but that's probably not what you
25 think about as sustainable growth.

1 DR. STEPHEN SMITH: No. I feel it's
2 very important that there be some qualifying term
3 for growth, because growth for growth's sake is not
4 necessarily good for the quality of life in the
5 Valley. So I think -- I want to figure out some way
6 to qualify growth. Now, if you have another term
7 that -- if you, for some reason, have a problem with
8 sustainable, it's --

9 MS. ANN COULTER: I don't have a
10 problem with the term. I think it's very poorly
11 understood, which I think is why at some point, if
12 not on this today, that needs some further
13 clarification that captures the essence of what the
14 Council truly understands.

15 MR. BILL FORSYTH: I think we wanted
16 to, of course, encourage economic development in the
17 Valley, but I think any factor more limiting than
18 saying sustainable growth is going to be too narrow
19 to last many years. The idea of what's sustainable
20 today may not be sustainable tomorrow or vice versa.

21 SENATOR ROGER BEDFORD: Ann, the
22 thought on the committee, and the other members can
23 speak too, but by sustainable, we don't want to just
24 endorse growth for the sake of growth. There's
25 other factors that we want in the Valley's long-term

1 interest.

2 MS. ANN COULTER: All I'm suggesting
3 is, then say that so that people understand --

4 MS. MILES MENNELL: You want us to
5 define sustainable.

6 MS. ANN COULTER: -- what sustainable
7 means.

8 MR. BILL FORSYTH: I think it defines
9 itself, I really do.

10 SENATOR ROGER BEDFORD: I will be
11 glad to work on some language with you and Phil,
12 Steve, whoever wants to. It's two thoughts here.
13 One is sustainable growth for the future, and the
14 other is to honor the commitment to existing
15 industries.

16 MR. JIM CREIGHTON: Okay.

17 SENATOR ROGER BEDFORD: Let me say
18 this, too. Sustainable, I'm not just talking about
19 the environment. I'm talking about having the power
20 resources to have growth for it.

21 MR. JIM CREIGHTON: Okay. So we've
22 covered I and II. In III you're comfortable with C.
23 So we're down to C, E, where we have got the TVA
24 language and the insertion of word existing, and so
25 on.

1 With those changes, is this
2 recommendation acceptable?

3 DR. PAUL TEAGUE: Amen.

4 DR. STEPHEN SMITH: Let me be clear
5 with how we're going to deal with this point. A
6 minute ago Roger --

7 MR. JIM CREIGHTON: Can you hang it
8 until I get whether the intent is acceptable,
9 because I hear you talking about how we do the
10 editing, and I would like to know whether the -- I
11 would like the Council to say yea or nay to the
12 recommendation, and then we can talk about an
13 acceptable way to do the wording.

14 Is that all right?

15 DR. STEPHEN SMITH: So you're saying
16 we're going to have another crack before we check
17 off on this once the editing is done?

18 MR. PHIL COMER: The same way we had
19 a crack on the water quality this morning, is what I
20 would propose.

21 DR. STEPHEN SMITH: That's what I am
22 saying.

23 MR. PHIL COMER: If you have a
24 disagreement, speak up.

25 SENATOR ROGER BEDFORD: Wait a

1 minute. If we're down to just sustainable, trying
2 to define that, let's try to go ahead and knock it
3 out, would be my proposal, if we can, in five
4 minutes. If not, it would be my approach, the
5 recommendation to the subcommittee, to approve
6 everything except sustainable, and then we will come
7 back for another visit on that. If we can knock it
8 out now, I would prefer to.

9 DR. STEPHEN SMITH: I think -- I
10 mean, there's nested in this a larger philosophical
11 point, and it may be that we want to extract out
12 this one clause in II and flesh it out more and let
13 the rest of the stuff go forward.

14 What's that?

15 DR. PAUL TEAGUE: Remove the word
16 sustainable and just say growth.

17 DR. STEPHEN SMITH: No. That's what
18 I am opposed to because, I think, you need to
19 qualify growth.

20 SENATOR ROGER BEDFORD: What about
21 responsible growth, responsible economic growth?

22 DR. PAUL TEAGUE: Coordinated.

23 MR. BRUCE SHUPP: What about define
24 sustainable in an asterisk at the bottom of the page
25 and write a definition for sustainable?

1 DR. STEPHEN SMITH: We can do that.

2 MR. PHIL COMER: That's a good
3 suggestion, use the word, asterisk, and then a
4 footnote at the end.

5 DR. STEPHEN SMITH: We will work on
6 one because it is broad because it's basically
7 dealing with a future focus on the fact that you're
8 not exploiting --

9 MR. PHIL COMER: Let's do what Bruce
10 said.

11 MR. BRUCE SHUPP: That moves the
12 policy ahead, and then it's just a matter of a two-
13 or three-minute argument about what sustainable
14 means.

15 MR. HERMAN MORRIS: I kind of liked
16 responsible. I think that captured what I sense the
17 discussion was.

18 DR. STEPHEN SMITH: I'm comfortable
19 with responsible, but to me it's just morphosis of
20 sustainable. So I would just assume stick with
21 sustainable.

22 MR. PHIL COMER: Sustainable,
23 asterisk, and then a footnote to clearly define it.

24 Will you work --

25 DR. STEPHEN SMITH: I'm happy to do

1 that.

2 MR. JIM CREIGHTON: So it's going
3 to -- Roger and Phil and Steve are going to --

4 SENATOR ROGER BEDFORD: And Ann.

5 MS. ANN COULTER: I mean, I'm happy
6 that you-all can come up with something.

7 MR. JIM CREIGHTON: All you wanted,
8 Ann, was more clarification and --

9 MS. ANN COULTER: What they have
10 clarified just verbally, I agree with.

11 MR. JIM CREIGHTON: Okay. So this is
12 approved in general principle with the asterisk to
13 be determined. Now, is the review policy for the
14 asterisk policy, does that have to come back to the
15 entire committee or will we treat it the same way we
16 did, which is it will be distributed and unless
17 somebody complains --

18 MR. PHIL COMER: It's included as a
19 footnote.

20 MR. BRUCE SHUPP: And you have a
21 rejection responsibility.

22 MR. JIM CREIGHTON: You have to take
23 an active role in order to --

24 MR. PHIL COMER: To be prepared by
25 Steve and Roger, and Ann, if she chooses.

1 MR. JIM CREIGHTON: Okay.

2 MR. HERMAN MORRIS: One other item.

3 I've read it several times. It's the bold print

4 language. Just reading through it in its entirety,

5 I don't quite understand the lead-in paragraph of I.

6 In I we say agreement. In II it's

7 encourage. In III in A, B, C, D and E it's

8 recommend, recommend, recommend, and encourage. I

9 need -- I would like to know what we're doing in I.

10 Are we in agreement? There's no

11 action issue. We either agree or we acknowledge or

12 we've reached agreement.

13 MR. PHIL COMER: We ought to change

14 that to recommend to be consistent.

15 SENATOR ROGER BEDFORD: That's fine.

16 That's just semantics that we started out that we

17 reached agreement on these points to report to you.

18 MR. PHIL COMER: This is what happens

19 when the committee writes something over a period of

20 six months.

21 MR. HERMAN MORRIS: Well, a committee

22 wrote the Constitution, and look what that did.

23 MR. PHIL COMER: Well, really Thomas

24 Jefferson did it.

25 MR. JIM CREIGHTON: Let's not go

1 there. What I'm saying -- what I'm hearing is that
2 the proposal is something like, encourage TVA to
3 continue its role in regional economic development.

4 MR. PHIL COMER: Say that once more.

5 MR. JIM CREIGHTON: Encourage TVA to
6 continue its role in regional economic development,
7 including providing blah, blah, blah.

8 MR. PHIL COMER: Encourage TVA to
9 continue.

10 MR. JIM CREIGHTON: With that change,
11 we're ready? Going. Going. Gone. We have
12 agreement.

13 Bruce, we're back to you.

14 MR. BRUCE SHUPP: Thank you.

15 Amazing. It's sort of like buying from BASS Pro
16 Shop when you're buying fishing tackle, once you log
17 on to the Internet and spend your first hundred
18 bucks, the next three or 400 comes easy, you just
19 keep clicking on it. We're doing a good job.

20 MR. JIM CREIGHTON: You notice how he
21 worked that ad in.

22 MR. BRUCE SHUPP: That isn't my
23 company. Quick reports from the three -- Roger, you
24 are done, right?

25 SENATOR ROGER BEDFORD: You told me

1 to -- last charge was to tell you that we're going
2 to look at navigation as probably the principle
3 focus of the next subcommittee meeting.

4 MR. BRUCE SHUPP: Very good.

5 Navigation subcommittee.

6 MS. ELAINE PATTERSON: You heard the
7 report this morning. We will continue -- we will
8 meet and decide our next step to study.

9 MR. BRUCE SHUPP: That's it?

10 MS. ELAINE PATTERSON: Yes.

11 MR. BRUCE SHUPP: Public lands? Yes,
12 ma'am.

13 MS. MILES MENNELL: I just wanted to
14 say, I just said to Roger, I think it would be
15 appropriate at our next integrated river management
16 subcommittee meeting if we did a joint meeting then
17 with the infrastructure navigation subcommittee, and
18 Roger said, cool.

19 Cool?

20 Cool.

21 SENATOR ROGER BEDFORD: Actually, I
22 said okay.

23 MR. BRUCE SHUPP: Public lands?

24 MS. ANN COULTER: We had our, by my
25 count, sixth or seventh subcommittee meeting

1 yesterday. We have had three public hearings. We
2 have had one since the last Council meeting. It was
3 last month in Knoxville.

4 And what we hammered out yesterday
5 was a set of general statements that we can use as a
6 framework for getting more specific as we think
7 appropriate in our discussion relative to TVA's
8 public land management.

9 We plan on refining those general
10 statements and making them more specific as
11 appropriate. We have a conference call scheduled
12 early in April, and after that we will decide if
13 we're then ready to bring those recommendations to
14 the next Council meeting in May.

15 MR. BRUCE SHUPP: Is there anything
16 you're particularly focusing on, any of your
17 policies or permitting procedures or anything that
18 you're looking at real hard?

19 MS. ANN COULTER: Yes.

20 MR. BRUCE SHUPP: It's secret, right?

21 MS. ANN COULTER: It's in the works.

22 MR. BRUCE SHUPP: All right. I won't
23 push you any harder.

24 Jimmy, water quality?

25 MR. JIMMY BARNETT: Our next meeting,

1 which we had to postpone -- well, we're postponing
2 it. Actually, we're just postponing the location at
3 this point in time.

4 We're going to decide what's the next
5 thing that we are going to concentrate on because we
6 have a whole long list of possible things, and
7 everybody is looking at it and trying to decide what
8 is the next most important point that we should
9 cover.

10 Now, we're not going to bring back
11 900,000 things. We're going to try to place those
12 things down into a very small, comprehensive
13 presentation that you can vote on in five minutes.

14 MR. BRUCE SHUPP: Just like the
15 Council does?

16 MR. JIMMY BARNETT: Right.

17 MR. BRUCE SHUPP: Kate, would you
18 like to give us any direction on things that you
19 think the subcommittees should be focusing on?

20 Is there anything that you would like
21 to address that's hot and burning right now?

22 DR. KATE JACKSON: No. I think I
23 would prefer just to add my comments when we're
24 talking about future direction of the Council in
25 general.

1 MR. BRUCE SHUPP: That's where we're
2 going next.

3 MS. ANN COULTER: Bruce, excuse me, I
4 would also like to mention, I think someone had
5 requested a written summary of our public input that
6 the public lands subcommittee has received, and I
7 have those here in front of me. If anybody wants
8 one, you can just pick one up.

9 DR. STEPHEN SMITH: How many pages is
10 that, Ann?

11 MS. ANN COULTER: It's about 15.
12 I'll pass them around.

13 MR. JIM CREIGHTON: As we go on to
14 future direction, I would just like to note that as
15 near as I heard, public lands is the only group that
16 sounds like it would be ready by May, and that's not
17 a sure fire.

18 Is that correct?

19 Elaine?

20 Roger, you have got nothing for a May
21 agenda?

22 SENATOR ROGER BEDFORD: We will
23 probably try to hook up on a conference call and see
24 what we want to do after that.

25 MR. PHIL COMER: Do we have a May

1 date?

2 MR. BRUCE SHUPP: No. We have no
3 dates that are current.

4 MR. JIM CREIGHTON: I hear Ann saying
5 they might be ready by May. I didn't hear anybody
6 else stepping forward saying they had anything. I
7 just wanted to make sure we understand that.

8 SENATOR ROGER BEDFORD: Mr. Chairman,
9 on behalf of Jimmy and I, I realize that these
10 meetings will probably swing back to the east, but
11 before it's concluded, if at all possible, we would
12 like to try to host one in Muscle Shoals so that the
13 people have an opportunity to come down and tour the
14 facility there. We'd just ask you to consider that
15 in your future scheduling.

16 MR. BRUCE SHUPP: Appreciate that.
17 And I was asked by the Guntersville people last week
18 to invite the Council to Guntersville at the State
19 Park in the summertime, if possible, and they
20 genuinely want to host the Council in Guntersville.

21 There's limited facilities there,
22 except the state park, which would mean we would do
23 away with coats and ties, and anybody who would come
24 in even looking halfway respectable at a state park
25 we would have to throw into the lake and the aquatic

1 vegetation.

2 Let's get down to -- I want to have a
3 good heart-to-heart talk, and this has been
4 bothering me a long time, and now that I have got
5 this chair I can bring it to the forefront of the
6 Council; and that is, what's the future of the
7 Council?

8 We have gone through one year, and we
9 have a sunsetted Charter. And where are we going
10 and how often are we going to meet? What do we --
11 how often do we have to meet to do the business of a
12 Council that disposes on recommendations now from
13 subcommittees? And I think we just should bounce
14 this off each other and see where we want to go.

15 I would like to, again, ask Kate what
16 your views are as you see the one-year deadline
17 coming down. I know we haven't done anything yet to
18 instill your confidence that you need us in the
19 future, but do you have any feeling at all that you
20 can share with us?

21 DR. KATE JACKSON: Sure. First of
22 all, I think that you overstated your non-activity.
23 Let me first say how much I appreciate everybody's
24 investment of time and energy and just patience with
25 this process. I know it's long and it's slower than

1 many of you would like. It takes lots more of your
2 time.

3 When we entered this -- this entire
4 activity, there were a few expectations. The first
5 was to begin to establish more effective two-way
6 communications between stakeholders and TVA so that
7 we would know what was on your minds. You would get
8 a better understanding -- maybe a better holistic
9 understanding of all of the tensions that the
10 resource -- finite resource was under. And I think
11 that expectation, to a large extent, has been met.

12 In addition to that, we were hopeful
13 that as you-all came to this table, you would
14 represent various constituencies to whom and through
15 whom you could influence that two-way communication
16 between the people and the Valley and TVA. I think
17 that expectation, to a large extent, has been begun
18 but probably not accomplished entirely.

19 In addition, we established this
20 Council in response to requests from stakeholders
21 that we establish an institutionalized mechanism by
22 which issues could be brought before TVA,
23 recognizing that given we had no appropriations,
24 that there was not a formal oversight mechanism in
25 any kind of federal arena, and because of that, that

1 the stakeholders in the region wanted to be able to
2 provide input on priorities, on relative importance
3 of issues, on resource application, on significant
4 gaps in resource and finite resource management. I
5 think that there has been some start of that, but
6 there really hasn't been a complete grappling with
7 some of those issues.

8 The thing that I was hopeful would
9 happen was that you-all would come in here
10 representing different and strongly held positions
11 and represent those to each other so that TVA would,
12 in fact, not have to do that. We wouldn't have to
13 go to the Douglas Lake User Group and talk about
14 Chickamauga. We wouldn't have to go to Guntersville
15 and talk about ratepayers issues, that, in fact, you
16 would represent those among yourselves.

17 And I'm delighted that in any cases,
18 in fact, TVA is not in the middle of some of those
19 battles, that you are wrestling with some of those
20 things among yourselves. I think that's much more
21 constructive long-term if we can get through some of
22 these issues.

23 I think that the one expectation that
24 has not been met from my perspective you started
25 talking about today. It is as you bring

1 recommendations to TVA, to the extent that those
2 recommendations provide us really clear guidance on
3 priorities, to the extent that they bound, I mean,
4 Stephen and a couple of the others of you talked
5 about, maybe we ought to be bounding these
6 recommendations as we bring them to you. If they
7 don't -- if the recommendations don't do that, they
8 don't help us.

9 Let me be explicit. If we were doing
10 a lake study and if it includes all the reservoirs,
11 what do you care about more? Do you care about
12 recreation benefits more than hydro benefits? Do
13 you care about the navigation channel or flood risk
14 reduction more than you care about the average rate
15 in the Valley? If you can tell us that, we can
16 characterize a study that will be much more
17 effective and will give us much clearer guidance in
18 the long term.

19 The water quality discussion is a
20 wonderful example. We're not going to come to a
21 point, I don't think, that says 11 days is perfect
22 and 13 is too many because you will violate all the
23 state standards, that's not going to happen. What's
24 going to happen is we're going to have dissolved
25 oxygen limitations, and those dissolved oxygen

1 limitations are going to be able to be overcome by
2 something. What? Money.

3 So what you need to help us with is,
4 say, we extend the lakes or study that until
5 October 1st, but we would have to invest a hundred
6 million dollars in improvements of dissolved oxygen.
7 Is that a good thing or a bad thing?

8 If you don't give us that kind of
9 guidance, what you're doing -- and I will go to the
10 aquatic plant management recommendation, what you're
11 doing is saying, gosh, you know, getting
12 stakeholders together is a really good thing, and,
13 gosh, getting them to share money, if they are
14 willing to, that's a really good thing, and making
15 sure that we try to optimize the benefits between
16 having some weeds, putting some chemicals in,
17 mechanical harvesting, consensus building, but spend
18 some money, you know what you told me, do exactly
19 what you're doing and charge the ratepayers.

20 Now, if that's what you meant to do,
21 okay, but let's talk about long-term, what the
22 implications of that are. If we study a very
23 significant lengthening of the time of unrestricted
24 draw of the reservoir system, that could be
25 significantly more than 84 million dollars, we don't

1 know that. Is that a good thing or a bad thing? So
2 that kind of feedback to us will be much more
3 helpful in the long-term. And, yeah, that's really
4 hard, and maybe that will take some really
5 significant subcommittee work, but I think that that
6 is the gap.

7 And to the extent that in a year from
8 now I have to make a recommendation to the GSA and
9 the OMB as to whether or not the investments that
10 the Agency has made in this august group have really
11 paid off, that's going to be the determining of it.
12 Do I get feedback that bound studies that enable me
13 to manage in a sustainable way the resources in the
14 Valley and provision of those finite resources and
15 the outputs of those resources to the maximum
16 benefit of every constituent in the Valley,
17 including those that pay for this stuff but don't
18 directly benefit, including those who give us the
19 water but don't get to buy the power. We have to
20 manage all of those. And so your clear guidance --
21 what do you care about more? What can we let slip
22 off the table?

23 Domestic discretionary spending in
24 the United States is going down. It has been going
25 down for years. You heard the Colonel this morning

1 talk about the fact the Corps of Engineers'
2 budget -- and they probably have some of the most
3 effective Senatorial and Congressional support of
4 any domestic federal agency in existence. Their
5 budget is going down.

6 I know that there have been many
7 comments about whose responsibility it is that TVA
8 lost its appropriations. Let me address that from a
9 perspective that maybe some of you haven't up to now
10 thought about. TVA is a regional agency. In being
11 a regional agency, we only have a few senators and a
12 few congressmen who can support the Agency.

13 We have many enemies. Those enemies
14 are not necessarily against TVA. They are not
15 necessarily against the people that you represent.
16 They are against anything that isn't from where they
17 are. And because of that, because of that regional
18 exposure that we have in the appropriations process,
19 TVA -- TVA is unable, on its own, to procure
20 appropriations without all kinds of other red flags
21 going up, not just to Corps of Engineers' people,
22 not just to investor owned utilities, but to anybody
23 who wants to balkanize the domestic expenditures in
24 the United States. Because of that, a resurgence of
25 appropriations will be a difficult road to hoe and

1 make not of long-term benefit to the continued
2 integration of the system.

3 So I'm not trying to discourage you
4 from that, but to recognize the fact that we don't
5 have appropriations now wasn't -- wasn't an arrogant
6 position, it was a position of recognition that our
7 appropriations had gone down from 245 million to 50
8 million annually over a period of 15 years, largely
9 through no fault of the effectiveness of the Agency.

10 So do you want to expose the
11 integratedness of the system and the benefits that
12 accrue to all the ratepayers and all the people who
13 live here for 50,000,000 bucks, for 80 million
14 bucks, that's the kind of feedback that would be
15 helpful.

16 And as you bring that recommendation
17 to us saying, TVA, go get money, we can't do that,
18 that's the responsibility of the stakeholders in the
19 region, and that's the benefit of having you folks
20 here representing your stakeholders and being able
21 to expand the circle of influence of those
22 stakeholders to support what the Valley needs, not
23 what TVA needs.

24 So that's the gap and that's the
25 challenge.

1 Was that helpful?

2 MR. BRUCE SHUPP: Are we chartered
3 correctly? Maybe we cannot achieve the things that
4 you think we can achieve. Maybe we would be better
5 off as a review group reviewing things that TVA is
6 proposing to do rather than being a group that's
7 proposing.

8 If we're not proposing strict enough
9 guidelines with boundaries that you're looking for,
10 you know, maybe this Council can't achieve that.

11 DR. KATE JACKSON: Well, I guess I
12 would, you know, maybe defer to the lawyer, but I
13 will always give my legal advice first. I think the
14 Charter allows for that.

15 Now, maybe you need for me to come
16 and say, here's a list of the outputs of the system,
17 which one is of value to the constituents in the
18 Valley? Not just which are the nicest to have,
19 assuming we have all of the others. Which do you
20 care about most? How much is an inch in the
21 navigation system worth?

22 MR. BILL FORSYTH: The short answer
23 for the citizens of North Carolina is that they want
24 higher lake levels at the cost of everything else.
25 A responsible answer, I think we need a new study.

1 DR. KATE JACKSON: And I guess my
2 question back is: How do we bound that study? Is
3 improving the lake levels in North Carolina worth
4 any cost whatsoever to the ratepayers or is there a
5 limit?

6 MR. BILL FORSYTH: That was the
7 selfish answer for the citizens of Western North
8 Carolina.

9 DR. KATE JACKSON: And that's a great
10 answer, but everybody has a selfish -- so how -- how
11 do we effectively integrate all of those very
12 valuable and very valid positions? And I think that
13 we're not quite getting to that.

14 MR. AL MANN: I think you're trying
15 to be too much. I don't know.

16 DR. KATE JACKSON: Well, you know, in
17 the years when we thought we were being too much to
18 too many, that's when we stopped aquatic weed
19 management, floodplain management, and we didn't
20 spray for mosquitos anymore.

21 MR. AL MANN: Right. I understand
22 that.

23 MAYOR THOMAS GRIFFITH: What is the
24 cost of these studies? I think you mentioned
25 something about four or five million dollars a few

1 minutes ago.

2 DR. KATE JACKSON: Well, to do a
3 reservoir study, assuming that we would do not just
4 the tributary but everything, and not just
5 recreation lake levels but navigation channel
6 depths, increasing the minimum flow requirements,
7 maintaining flood risk issues, we're figuring about
8 eight million dollars.

9 MAYOR THOMAS GRIFFITH: Eight?

10 DR. KATE JACKSON: Eight.

11 MR. BRUCE SHUPP: We agreed to that
12 today.

13 DR. KATE JACKSON: And that's a study
14 cost. That's not a cost of implementation. And
15 that's -- I mean, the study cost is peanuts compared
16 to what the cost might be.

17 So, you know, how do I bound the
18 study? Again, go back to the water quality. How
19 much are we willing to spend of ratepayer money to
20 mitigate the impacts of water quality issues of
21 extending lake levels?

22 MR. AL MANN: Kate, do you feel that
23 within TVA they really want to do all of these other
24 things?

25 DR. KATE JACKSON: Yes. Absolutely.

1 We are not a power company. We are a regional
2 development agency to provide a framework, a
3 platform on which sustainable growth can be
4 maintained for the future. We are not a power
5 company. And if you ask any of the board members,
6 any of the board members, and if you ask my boss,
7 the President, absolutely, that's what you'll get.

8 MR. AL MANN: But, I think, if you
9 ask the public, they perceive you a little
10 differently.

11 DR. KATE JACKSON: Of course, they
12 do. Five years ago we wanted to be America's power
13 company. We don't think that anymore.

14 DR. STEPHEN SMITH: But Al, I would
15 disagree. There was a fairly substantial backlash
16 when TVA was perceived as abandoning their non-power
17 functions to the point that some of us were very
18 vocal about wanting some instrument like this to
19 make sure that TVA just didn't become a power
20 company, because they have greater responsibilities.

21 Now, how this panel is constituted
22 and this other kind of stuff is open for debate,
23 but, you know, it's -- there are issues beyond just
24 power that people in the Valley look to TVA, and I
25 would almost argue that they look to those things

1 more to TVA because they pay their bill to
2 distributors but they go and recreate on TVA lakes.

3 MR. AL MANN: Right.

4 MAYOR THOMAS GRIFFITH: Those that
5 have lakes.

6 DR. STEPHEN SMITH: Well, that's
7 right. But, you know, one of the -- I mean, one of
8 the -- TVA -- you know, TVA at one time was looked
9 to be drawn just along the watershed, and so if
10 you're not in the watershed maybe you go somewhere
11 else.

12 MR. HERMAN MORRIS: That's not
13 completely out of the question.

14 DR. STEPHEN SMITH: No, I know. I
15 know it isn't.

16 MR. BRUCE SHUPP: Let me ask another
17 question to Kate. Do you believe watching us
18 struggle with the -- let's use the aquatic plant
19 policy that we -- if we would have struggled for
20 another day or six more hours or whatever that we
21 could have achieved more bounds on that, given the
22 differences of ideology in the room?

23 DR. KATE JACKSON: I don't know. I
24 don't know. I think the only gap that's there is,
25 do you want to drive toward cost share?

1 And, you know, I expect Herman's
2 desire to kill the program, and the political
3 expediency of that is certainly in question, but,
4 you know, maybe you need to give us advice like, we
5 believe that it ought to be cost shared 25 percent,
6 75 percent, local region and federal.

7 And, you know, we encourage that
8 federal dollars don't come from the ratepayers, but
9 we recognize the issues associated with that and
10 want to do everything we can to support the
11 reinvestment of federal dollars into TVA.

12 I don't know. I don't know. But,
13 you know, to go from it ought to be a shared
14 expense, which is where you were a couple of months
15 ago, to, well, maybe a dollar of money from
16 somewhere in Alabama would be enough, that's a big
17 swaying.

18 MR. BRUCE SHUPP: I'm not sure we
19 said that, but --

20 DR. KATE JACKSON: That's what I
21 read. And the last comment that was made by one of
22 the water quality subcommittees said, well, you
23 know, even if it's one percent cost share, that's
24 probably good enough. One percent versus an equal
25 share is very different, and no one debated that.

1 No one debated what's the difference between half
2 and half and one percent. That's a big number to
3 me.

4 MR. BRUCE SHUPP: But --

5 DR. KATE JACKSON: So I don't know.

6 MR. BRUCE SHUPP: Why this is
7 difficult to me is that in Chickamauga the cost
8 share is overloaded toward local. You're providing
9 technical support. So that's one of your
10 situations. On Guntersville, because of the huge
11 expense, it's overloaded on your side. And if you
12 did --

13 DR. KATE JACKSON: It isn't only
14 because of the large expense. It's because of state
15 regulations, too.

16 MR. BRUCE SHUPP: State regulations?

17 DR. KATE JACKSON: Yes. The
18 permitting issues you talked about this morning. So
19 maybe one of your resolutions should be the State of
20 Alabama ought to have permits required for herbicide
21 spraying. You know, you guys have power. You're a
22 FACA. Use it.

23 MR. PHIL COMER: The State of Alabama
24 did not empower an advisory committee.

25 DR. KATE JACKSON: That doesn't

1 matter. We get resolutions from Jefferson County,
2 and that's information for the public process.

3 MR. PHIL COMER: What do you do with
4 them?

5 DR. KATE JACKSON: We take them very
6 seriously.

7 MR. BRUCE SHUPP: I think you might
8 be asking the Council to do more than it's capable
9 of doing as far as concisely, you know, without
10 working full-time on this issue and really hammering
11 it out on an institutional type basis, I'm not so
12 sure we can come up with that.

13 Could you sit with your executive
14 committee with TVA and in two hours come out with a
15 policy that you-all agree on?

16 DR. KATE JACKSON: You've clearly
17 never sat with the executive committee at TVA. Oh,
18 strike that. Help me, Roger.

19 MR. BILL FORSYTH: I believe a strict
20 policy on the example you gave, if we said, okay,
21 the cost share is 25 percent local, with every lake
22 being so different, I think it wouldn't be fair to
23 the TVA or the stakeholders. There's going to be
24 one place it will work and everywhere else it will
25 not work.

1 MR. BRUCE SHUPP: That was my point.

2 Well, enough of this point.

3 DR. KATE JACKSON: Sorry.

4 MR. BRUCE SHUPP: That's all right.

5 I think that's good.

6 SENATOR ROGER BEDFORD: Bruce, I was
7 going to say, I think that was very helpful because
8 we have all been trying to consensus build, and we
9 may just have to take some decisions and have some
10 votes and make some recommendations, because we're
11 not ever going to consensus build to where the
12 challenge just came from in my mind because every
13 lake is different and everything is different.

14 So maybe we ought to take the focus
15 to make the harder choices. And, you know, I'm not
16 saying yes/no, but I'm saying it's a different
17 challenge that's presented to us just then than when
18 we met a year ago.

19 MAYOR THOMAS GRIFFITH: And I agree
20 with Roger totally, Kate. I didn't realize we were
21 talk about asking for an eight million dollar study.
22 You know, you might take eight million and kill a
23 lot of weeds or you might take eight million and
24 offset some lake levels staying up a few days
25 longer. I don't know those numbers and I don't know

1 those answers, but I know eight million dollars --
2 well, I don't know for sure, but I think that's a
3 lot of money. That sounds to me like it is.

4 MR. BILL FORSYTH: I would think it's
5 going to have to be done sooner or later anyway.
6 We're just asking for sooner.

7 MAYOR THOMAS GRIFFITH: I mean, I
8 don't know.

9 MR. PHIL COMER: That number was
10 mentioned at the second meeting we had.

11 MR. BRUCE SHUPP: All right. How
12 does this affect the way we want to meet? We have
13 no decisions on the near horizon that the Council
14 has to decide on. The subcommittees are working on
15 several proposals. I personally see no need to meet
16 for months, for several months. And I wonder if we
17 need to meet more than twice a year anyway and if it
18 wouldn't be better for us to have -- meet twice a
19 year with two days, like an afternoon, full day, and
20 a morning, travel on the other ends, and deliberate
21 on several propositions from the subcommittees at
22 those times.

23 Roger?

24 SENATOR ROGER BEDFORD: Mr. Chairman,
25 I would strongly recommend that we don't just meet

1 twice a year. I mean, the only way all of us, as
2 busy as our schedules are, is going to stay focused
3 is a minimum to meet quarterly and the subcommittees
4 to meet between those quarters ready to come to the
5 quarterly meetings to hammer it out with a deadline
6 to put the proposal together, you know,
7 three-quarters from now or whatever, because we know
8 we end at a certain date.

9 What we have got to do now is figure
10 out the exit strategy. We have all invested a lot
11 of time and energy in this. I sometimes question
12 what all we have accomplished to this point, but I
13 think we're moving in the right direction. I think
14 all of us are focusing more, but not as much as Kat
15 has challenged us to until today, but I think it
16 would be a mistake for us not to at least do
17 quarterly and charge the subcommittees to come
18 prepared to go --

19 DR. PAUL TEAGUE: Every other month.

20 SENATOR ROGER BEDFORD: Every other
21 month, that's fine.

22 MR. BRUCE SHUPP: I couldn't -- we
23 couldn't hear your shared discussion there.

24 MS. MILES MENNELL: Every other
25 month.

1 MR. BRUCE SHUPP: Six times a year?

2 What would we meet on -- this is March. What will
3 we meet on in May? What would be our agenda?

4 Paul?

5 DR. PAUL TEAGUE: We hope you can
6 meet on shoreline management.

7 MR. AL MANN: Let's shoot for June.

8 MR. BRUCE SHUPP: Or July. I mean,
9 we don't have a need for a meeting. I can't
10 understand why we should meet just because it's two
11 months or three months.

12 MR. PHIL COMER: I think Dr. Teague
13 gave an answer just now, that they're going to be
14 prepared to come forth, and as much as we haggle
15 over words and so forth, I think we probably do have
16 a reason to meet in May.

17 MR. BILL FORSYTH: A date to meet
18 gives our committees a goal to get our work done and
19 be ready.

20 MR. BRUCE SHUPP: Can we assume that
21 you'll be ready then?

22 DR. PAUL TEAGUE: We may not be in
23 our finality, but we can give you our guidelines,
24 and with this discussion, go back for a meeting that
25 would be very helpful, I think, to -- for us to come

1 out with more specifics.

2 Our meeting so far has been primarily
3 generalities with difficulty in putting in the
4 finite endings that it appears that some of us want.
5 So I think that if we could just give you our
6 outlined schedule and then go back and rework it and
7 come back with a final would be beneficial. I don't
8 know about Ann.

9 MS. ANN COULTER: Well, I think our
10 approach has been in the general direction of
11 bringing you the full range of our recommendations
12 at one time, therefore -- especially in light of the
13 last -- this meeting and the previous meeting, what
14 we may want to do is, as Paul suggested, bring you
15 what we have at that point in time, recognizing that
16 you may very well send us back for additional work
17 and clarification, at any rate, we keep moving.

18 MR. BRUCE SHUPP: Any other agenda
19 items for the May meeting?

20 Anything from TVA that you think we
21 should cover at that meeting?

22 DR. KATE JACKSON: I will have to
23 think about that.

24 MR. BRUCE SHUPP: Miles?

25 MS. MILES MENNELL: I'm speaking in

1 Austin's absence. Something that we had talked
2 about, Elaine, Stephen, Austin, and Tom Vorholt when
3 we were on our Washington trip was that at some
4 point we needed to talk about the federal financing
5 bank changing the interest rates on the financing.
6 So perhaps that might be something we would like to
7 look at. The implications of that is the interest
8 savings and where they were being applied, et
9 cetera, et cetera.

10 MR. PHIL COMER: I think also we had
11 asked several times, and I think Miles had in
12 particular, and that would be an expert presentation
13 to us on deregulation.

14 MS. MILES MENNELL: (Moves head up
15 and down.)

16 MS. ANN COULTER: I also think at
17 some point we need to get into a discussion of
18 whether or not once we have a set of approved
19 subcommittee recommendations is our work then done,
20 because what I think may tend to happen when you
21 divide your work into subcommittees and
22 subcommittees come back with a single report and you
23 stop there, you may lose the sort of overall
24 thinking that then begins to pull those issues
25 together and maybe prioritize among the full range

1 of issues as opposed to just dealing with one
2 subcommittee set of issues at a time.

3 DR. STEPHEN SMITH: There's a larger
4 sort of question that I don't know if we're really
5 grappling with; and that is, does this committee
6 truly sunset in 24 months from its inception or is
7 there an implicit understanding that it could --
8 that it is going to go on, and, you know, the
9 knowledge base that's built into the participation
10 for the last year or so and grappling with these
11 issues, is that then just cast to the wind or is
12 there some mechanism that keeps it going and
13 potentially builds on that?

14 And as someone who was a very strong
15 and clear advocate for some process like this when
16 we saw TVA was losing the federal appropriations and
17 knowing there are potentially -- you know, the
18 situation now and the situation going forward is the
19 potential financial constraints continue to squeeze
20 the Agency, you know, I mean, we wanted to make sure
21 that there were advocate voices out protecting that
22 larger mission that TVA has.

23 And I had always viewed that the
24 people that served on this Council would, in
25 essence, be the watch dog to make sure that those

1 larger interests were looked out after and discussed
2 and everything.

3 So I don't necessarily personally see
4 that this will sunset. And if it does, then there's
5 an implicit sort of vote of complete confidence
6 that, one, TVA is going to make the right decision
7 going forward and that there really isn't a need to
8 continually advise them of their financial
9 priorities and how they choose those going forward.
10 I'm not really sure that I personally agree with
11 that, but I throw that out as a larger question just
12 to try to understand because, you know, it
13 completely changes.

14 I mean, I never really saw the
15 subcommittee would crank out one recommendation and
16 then they are sort of gone. I think they are sort
17 of constantly massaging and dealing with the issues
18 associated with those areas that they have begun to
19 focus on.

20 MR. BRUCE SHUPP: Roger?

21 SENATOR ROGER BEDFORD: I think
22 there's probably both a challenge and an outcome in
23 what Ann and Stephen have said; and that is this, I
24 think TVA will evaluate the worth, to use that broad
25 term, of what the product is that we produce.

1 And I don't think we will know what
2 the final product is until all of the subcommittees
3 come together and we really start to hammer out
4 priorities, and I think ultimately and probably we
5 charter our own destinies.

6 If we produce something meaningful
7 and useful, then we have validated the process,
8 Stephen, that you asked for and it worked and it
9 produced something that was helpful to TVA. So I
10 think that's probably the challenge that remains to
11 this committee is to accomplish the goal and to
12 prove its worth to TVA.

13 I would say this though on a
14 procedural point, and this was something very
15 difficult for me to learn when I first got elected
16 to the Senate because I had a pretty hot temper when
17 I was 25 years old and opinionated and all of this,
18 and I'm not sure I have lost all of that, but let's
19 be very careful in our debate to not question
20 someone else's motives or their thought process or
21 why they did that.

22 Let's discuss the issues that are
23 before us, and if we disagree, let's try to disagree
24 about the issues and not be disagreeable in the way
25 we disagree. And I throw that out to us because we

1 all come here with a shared goal and shared vision
2 of seeing the Valley improved, and I think as these
3 meetings get more to hammering out the final point,
4 that that will be a better way to approach it, maybe
5 a more productive way.

6 MR. BRUCE SHUPP: Goodbye to those
7 that have to leave. Your bus is on the way. Thank
8 you for coming, contributing.

9 Greer?

10 MR. GREER TIDWELL: Thanks, Bruce. I
11 had one comment on our -- if we need to meet in May
12 and something I think that needs to be on that
13 agenda if we do; and that is, we need to be at that
14 point in time ready --

15 DR. KATE JACKSON: Use your
16 microphone, please. They can't hear you.

17 MR. GREER TIDWELL: What I was going
18 to say is, in May I think it's going to be the right
19 kind of time to deal with the issue of how the TVA
20 board responds to the recommendations we just
21 developed. Over the next, whether it's eight months
22 only or whether it's another couple of years, there
23 is going to have to be some back and forth between
24 this Council and the TVA board.

25 And I think procedurally we might as

1 well jump on into that. We have got some
2 recommendations we're throwing at them. If we want
3 them to, in fact, go forward and extend beyond
4 August 1 this next summer, we better get together in
5 May to figure out what their response to that is and
6 how we're going to start working those details out a
7 little bit. I think that's a very important thing
8 to do in May.

9 MR. BRUCE SHUPP: Excellent. Kate,
10 given that, what type of response do you think you
11 can have for these two recommendations that we have
12 approved this week?

13 DR. KATE JACKSON: I think we would
14 have to obviously go back and look at them, but
15 certainly you have an opportunity at any point to
16 request the board come and interact with you.

17 MR. PHIL COMER: Originally, Kate,
18 and correct me if I am wrong, but the first time we
19 met and Skyla Harris spoke to us, as well as
20 Mr. Crowell, somewhere in my mind someone indicated
21 that we would get a response in writing from the
22 board within 30 days of our having presented a
23 recommendation.

24 DR. KATE JACKSON: I don't remember
25 30 days. I remember a commitment of a response.

1 MR. PHIL COMER: I do. A written
2 response. I don't just want a lot of warm, fuzzy
3 feelings here in the room from directors. I really
4 want a written response to these rather specific
5 things.

6 MR. BRUCE SHUPP: I remember that
7 promise. I don't remember the 30 days either, but I
8 do remember that we would get a written response.
9 Certainly I would think that between now and May or
10 June, whatever we decide, that we could expect a
11 response, right?

12 DR. KATE JACKSON: (Moves head and
13 down.)

14 SENATOR ROGER BEDFORD: Bruce, I
15 think we may be -- I agree with the interaction and
16 I agree with the written response, but I thought the
17 parameters of this whole discussion was that the
18 subcommittees would come forward, we would begin to
19 put the blocks together, and then we would take a
20 look at the whole structure to finalize it.

21 MR. PHIL COMER: No.

22 SENATOR ROGER BEDFORD: If we're not,
23 if we're going to take it block by block, that's
24 fine, but at the end of the day you -- we may have
25 decided at the beginning something was No. 1 on the

1 list, but by the time we get to the end of the day
2 and we have got all of the information, that's not
3 No. 1. I think that's something we better get a
4 better understanding for if that's not what we're
5 going to do.

6 MR. PHIL COMER: Yeah. I have never
7 understood it that way, Roger. I have always
8 understood that as recommendations were hammered out
9 and consensus was achieved, they would be passed on
10 to the TVA board and they would respond, rather than
11 wait for two years and hand them an incredible
12 dissertation which would take them months to
13 respond. I mean, the practicalities would almost
14 dictate to go ahead and feed them as we go.

15 MR. BRUCE SHUPP: That was my
16 impression, too.

17 MR. PHIL COMER: Yes, sir.

18 MR. BRUCE SHUPP: Exactly, the way
19 Phil described it. I didn't think we were going to
20 wait until the end --

21 MR. PHIL COMER: Oh, no.

22 MR. BRUCE SHUPP: -- to come up with
23 a prioritized list of the policies we recommended
24 down the road.

25 SENATOR ROGER BEDFORD: Let's go back

1 to what Kate just said. We recommend the aquatic
2 program, all right, they take that aquatic program
3 and they take the integrated river management
4 program, that's one piece of the puzzle that we're
5 looking at.

6 Now, does that tell them that -- do
7 we want to tell them that is -- we have already
8 decided that is the most important piece of the
9 puzzle and we're going to shake the rest of it,
10 public lands, and water quality, and everything else
11 around it?

12 I mean, I think if we're going to go
13 that approach, what are you trying to accomplish,
14 just to get feedback to refine that individual piece
15 of the puzzle or are we going to try to meet the
16 challenge of the integrated river system and say,
17 this is what we think is best for the long-term
18 stewardship of the Valley and here's how we arrived
19 at it and what we think is most important.

20 If I heard Kate correctly, and I am
21 not trying to get you drug into the debate, but they
22 want some definition from us to be useful to them
23 because there's tradeoffs just like when we did that
24 first computer model.

25 DR. PAUL TEAGUE: I understood it the

1 same way Roger did originally and that was my
2 interpretation of what they said, but I think this
3 second way might be better because then we will get
4 interaction with them, well, what do you think about
5 this segmental thing, like in our subcommittees we
6 had to combine it all.

7 So I think it would be good for
8 interaction between us and the board. We get a
9 sense of how they feel, they get a sense of how we
10 feel, and it would help us to come out with that
11 final block that you're talking about for the final
12 analysis of it.

13 So I think this would really -- I
14 think this segmental thing would even be better than
15 the way Roger and I both interpreted it originally,
16 that if we can get feedback from them, we're here to
17 help TVA. Let's face it, all of us are here to help
18 TVA, and we want to do the things that they want if
19 we think it is prudent. And if not, we're here to
20 tell them, we think you're wrong. So I think if we
21 get some segmental stuff it will help us with a
22 better report at the end.

23 MR. BRUCE SHUPP: Herman and Steve.

24 MR. HERMAN MORRIS: I kind of agree
25 with Roger's first impression in that it seems to me

1 that if we don't have some kind of rounding up and
2 final publication or presentation of the whole, that
3 we run the risk of having very legitimate but very
4 inconsistent piecemeal pieces sent out without the
5 opportunity to reconcile, even among ourselves and,
6 in fact, to at least argue about the prioritization
7 of it.

8 It might be that it's somewhat -- you
9 can send some interim or draft or preliminary
10 discussion papers and get some feedback on those in
11 terms of shaping the final, but it -- I worry a lot
12 about getting out with ten recommendations and the
13 essence of each recommendation is that, well, this
14 is the most important thing and everything else be
15 damned.

16 I think we have got to have that
17 rounding up if we're going to appear to have made
18 sense of our efforts and appear to give something
19 out that our respective -- that TVA can appreciate
20 as being worth more than just giving them temporary
21 cover or somebody saying, we've got somebody working
22 on that when criticism comes its way.

23 The other thing that I'm concerned
24 about with the piecemeal approach is that a lot of
25 that is going to be situational. I don't have very

1 much doubt that if -- if there's not enough
2 generation in Tennessee or in the Valley to meet all
3 of the demand this summer because of the heat or
4 whatever, that it won't be hard even for us, and
5 maybe even for some of the lake owners to say, open
6 those flood gates and run those dams because the
7 Valley needs it.

8 On the other hand, if it's just the
9 opposite and we have got a flood of power and there
10 is robust recreational needs somewhere east of us,
11 like they're generally is, I don't know that
12 anybody, even I, that would complain about that kind
13 of use of the limited resources that TVA has.

14 And I think that we have got to be
15 careful and take a long view of things that we don't
16 let the situational issues frame a study or a
17 report, and the only way we're going to have an
18 opportunity to sort out or adjust for those
19 situational elements is to have a rounding up, as
20 Roger had indicated he had understood at first. And
21 quite frankly, maybe it's a lawyer's weakness,
22 that's kind of my understanding of it when I was
23 first introduced to it as well.

24 MR. GREER TIDWELL: If I can, since I
25 sort of got this started, I'd like to respond to

1 Herman, my new friend. I couldn't agree more. All
2 I was really suggesting was that given we now have
3 some recommendations, it's probably time to go get
4 some feedback.

5 MR. HERMAN MORRIS: I have no
6 difficulty with that.

7 MR. GREER TIDWELL: You made an
8 analogy earlier and I've thought about this; that
9 is, in some sense we're writing a Will and trying to
10 develop some trusts. And a good estate planning
11 lawyer will always tell you, you need to meet with
12 the heirs in that process, you know, throw out some
13 ideas, get feedback from heirs, think about the
14 situation before you do that final roundup of a Will
15 to create the final trust, and that's all I was
16 really suggesting that we ought to do in May, not to
17 get into -- not necessarily to say we get each
18 recommendation and feedback piecemeal.

19 MR. JIM CREIGHTON: I just want to
20 remind you that there are procedures and guidelines
21 that you adopted in the first couple of meetings.
22 They include the obligations TVA has in responding
23 to recommendations and some of the expectations, the
24 rules about consensus. So even some of the personal
25 behavior between Council members and so on are in

1 here.

2 I guess if we're going to continue
3 this style, I've got to encourage you to go back to
4 those. They are your documents, so you can change
5 them, but you did define the expectations at the
6 beginning. Some of the questions that have been
7 raised were, in fact, addressed in them.

8 MR. BRUCE SHUPP: Maybe it would be a
9 good idea -- Sandra, are you here? Nope. Kate,
10 recirculate those to everybody.

11 DR. STEPHEN SMITH: I just wanted to
12 make sure that -- my understanding is that -- like
13 coming out of the water quality subcommittee,
14 aquatic weeds was not to me the highest priority,
15 nor was it the most urgent water quality issue that
16 we need to deal with, nor was it trying to send a
17 signal to TVA that, you know, gee whiz, from a water
18 quality point of view, you know, this is the thing
19 we really want you to pay the most attention to.

20 I mean, my understanding of our
21 choice of that was almost an expediency point that
22 it was potentially low hanging fruit and would
23 stimulate the decision-making process and whatever.
24 I think there are much more profound issues in water
25 quality that we need to be dealing with rather than

1 dealing with these aquatic weeds.

2 So I guess that tends to go towards
3 the concept that we do need to revisit some of the
4 decisions we're making and prioritize them, because
5 I certainly don't want to be on the record as saying
6 that the most important water quality issue in the
7 Valley is, you know, whether somebody can drive
8 their boat up to their house.

9 MR. BRUCE SHUPP: Jimmy?

10 MR. JIMMY BARNETT: I guess they
11 could call us the lily pads or lily pad committee.

12 I would like to hear from the board.
13 Somebody mentioned a draft report going in for
14 informational purposes for the board to make any
15 comments it wants to.

16 MR. BRUCE SHUPP: Phil?

17 MR. PHIL COMER: I would like to
18 comment that I am for the -- and I hate to use the
19 word piecemeal because I don't like that term, but
20 I'm very much in favor of our submitting to the
21 board units or segments that are almost standalone.

22 That does not, in my mind, connote or
23 is not intended to mean that it's priority or rank
24 order of importance or anything like that. We
25 obviously have not approached it exactly that way,

1 as Steve was saying.

2 In the real world of managing any
3 enterprise, whether it's one as big as TVA or not,
4 there really is not a point at which you end up with
5 a single document that says, well, here's how we
6 suddenly on March 15th or March the 17th in the year
7 2002 when our 24 months is up, here, TVA board, or
8 our recommendation, that isn't how you manage any
9 enterprise, whether it's one like this, a government
10 enterprise or private enterprise. You do it on a
11 continuing -- this will continue for the next 100
12 years.

13 So in the absence of getting some
14 feedback on these different segments as we get them
15 articulated and reach consensus, I think that we do
16 have a right to expect -- this doesn't mean that TVA
17 is going to act upon them in the order in which we
18 submit them, that's their decision.

19 You know, we're an advisory
20 committee. We're not a deciding committee. So that
21 doesn't mean that they are going to act on them the
22 way we hand them to them, but we need a reaction
23 from them, and then they decide when they are going
24 to prioritize these things.

25 MR. BRUCE SHUPP: Roger?

1 SENATOR ROGER BEDFORD: Thank you,
2 Mr. Chairman. I would like to find a way where we
3 could have informal feedback from the board and
4 interaction, I think that's positive.

5 What I don't think is positive is if
6 we sent them something that says, we want you to do
7 a study, and the only thing we're telling you so far
8 is water quality is the parameter, is that good or
9 bad, because that puts them in a box and doesn't
10 provide back the type of useful information I think
11 we're looking for.

12 If the entire integrated river
13 management subcommittee or the entire public lands
14 subcommittee report is done or water quality or
15 whatever, that's a different deal. You said, here
16 is a part of the answer that this committee has
17 signed off on. This is how we rank it. Give us
18 feedback.

19 If you give them part of the puzzle
20 and you expect feedback on that, you know, what if
21 they come back and say, well, we don't want to do a
22 study yet because we don't know what all the report
23 is going to be, well, then everybody that's only big
24 issue is lake level, they are all going to be up in
25 arms that this committee hasn't done a -- hadn't

1 done anything, that's not what we want.

2 I don't think that's where we want to
3 be. I mean, I think at some point we need feedback,
4 we ought to have it, but I'm not comfortable ranking
5 what I think are the most important water quality
6 issues and I'm not comfortable ranking what the most
7 public lands are yet.

8 If I understand what Kate is telling
9 us, she wants us, if we can, to get to that point to
10 provide useful information to the board, so I just
11 share that.

12 MR. BRUCE SHUPP: Miles?

13 MS. MILES MENNELL: Ditto.

14 MR. BRUCE SHUPP: I'd like to share
15 my view. It's amazing how we all look at something
16 and see different things. My view of it was that
17 the subcommittees would sit down and prioritize some
18 of what they thought were some of tackiest problems
19 that TVA was dealing with at the moment, and I think
20 that's what we did with the water quality committee.
21 We sat down and said, gee, this is a messy issue
22 with this aquatic vegetation, while we're going,
23 let's get started and set this as a work product for
24 us and see if we can deal with this issue. I agree
25 100 percent it wasn't the most important issue, but

1 it was one that was a problem for TVA and we thought
2 we could provide them some stakeholder input.

3 I would certainly suggest that after
4 the public testimony we had on the lake level issue,
5 the integrated river management committee took that
6 same tact, it would be hard to ignore that issue
7 when it was the primary one that we heard from.

8 So we sort of picked the low hanging
9 fruit, as Steve said, but we also picked things we
10 thought we could help TVA with some recommendations.

11 And if that's the case, if the shoreline initiative
12 from the public lands committee is their choice for
13 the next meeting, that's also a tacky one that's
14 caused problems for TVA, and I don't see what's
15 wrong with a segmented approach when you're dealing
16 with issue oriented things like that that they have
17 to deal with anyway.

18 They're going to deal with that every
19 day. They are going to live with the complaints.
20 They are going to live with the criticism. They are
21 going to live with the differences of opinion. So
22 if we can help them sort that out, that's the way I
23 view what we're doing.

24 MR. PHIL COMER: Ditto.

25 MR. BRUCE SHUPP: Any more on this?

1 MS. MILES MENNELL: Copy cat.

2 MR. JIM CREIGHTON: I think Greer's
3 point still bears here, which is the interaction
4 between the Council and the board. The board could
5 react a number of ways. It could say, hey, Council,
6 you didn't tell us something here we -- they could
7 say, we're still unclear on X, Y, Z. They could
8 come back and say, we agree conceptually to the idea
9 of a study and in three months we're going to come
10 back to you laying out our thoughts about what this
11 study should look like and what the procedure is and
12 have you react and say that's what we meant or
13 that's not what we meant, and so on.

14 I would see this as simply the
15 recommendation goes up as the first step in the
16 dialogue. In fact, I was looking at the ground
17 rules. The dialogue word is used there that the
18 board can react in a number of creative ways and
19 bring -- if it's not clear and they are not happy,
20 they can tell you what the problem is and challenge
21 you to respond in some way and so on.

22 So I think that's a more productive
23 way of thinking about it than we come up with a
24 recommendation and we're done with that and we're
25 out of here. I think it's the beginning of a

1 discussion with the board and they will let you know
2 how much more detail they need, and in some cases
3 they will say, given what you said, do we get it
4 right, you know, here's the reacting to documents or
5 reacting to proposals.

6 MR. BRUCE SHUPP: I think that's
7 going to be necessary if, in fact, the board shares
8 Kate's views, that we haven't given sufficient
9 parameters for them to go forward with the
10 recommendation, we've got to know that. And either
11 we have got to reassess where we're headed or we
12 have got to focus more attention on those specific
13 issues to come up with the type of recommendations
14 that's helpful. So I think we need that feedback
15 and we need it by the next meeting, whenever that
16 next meeting is.

17 SENATOR ROGER BEDFORD: Bruce,
18 feedback is different than what Phil had said, that
19 I want a written response, is that good or bad.

20 MR. PHIL COMER: That's feedback.
21 That's dialogue.

22 SENATOR ROGER BEDFORD: I don't have
23 any problem with dialogue, I think that's a helpful
24 and constructive type thing, but I don't want TVA to
25 say yes or no before we have a final product.

1 MR. PHIL COMER: I do. I haven't
2 spent this many hours in this many meetings with
3 this many trips to come get back just sort of a
4 reaction of, gee whiz, and golly, be a little more
5 definite.

6 They are the executives to determine
7 policy running a rather large organization, but I
8 again repeat, I think it's very unrealistic to think
9 that we're going to wait and hand them a bible on
10 March 17th when the 24 months is up.

11 SENATOR ROGER BEDFORD: Phil, I agree
12 that we shouldn't try to hand them a bible, but we
13 shouldn't try to short circuit the process either.

14 MR. PHIL COMER: I don't think we
15 have.

16 SENATOR ROGER BEDFORD: I may be the
17 only one in the room that feels this way, but I
18 don't think we have accomplished a complete report.
19 I think we have had a milestone, we have had a
20 beginning, and feedback would be good and it would
21 be helpful.

22 What Kate told us today was helpful
23 to the process and getting that from the board, but
24 get it and go back and say, they are either for lake
25 levels or they are not is not where we are.

1 MR. BRUCE SHUPP: I think what I
2 would like is for Kate to share this with her staff
3 and to see -- and with your subcommittee advisors
4 and get the feedback on whether they think that we
5 can achieve what you want us to achieve.

6 I'm wondering whether your
7 expectation levels may be higher than this
8 subcommittee can do, and I think we ought to talk
9 about that. I think we ought to reserve some time
10 at the next meeting to get that feedback and see,
11 aren't we working hard enough, are we not focusing
12 on the right things, we need a more structured
13 committee meeting, but we need this kind of feedback
14 because, certainly, I gave 25 days to TVA last year,
15 and if we aren't doing anything effective for TVA,
16 man, I could go fishing for 25 days. So, you know,
17 we have really got to decide how we want to spend
18 our time.

19 DR. KATE JACKSON: And I don't think
20 I ever meant to indicate that you're not being
21 effective for TVA. I think I listed some things
22 that we're very thrilled about and that you could
23 help us more if, that was what I meant to say.

24 MR. BRUCE SHUPP: Let's talk about
25 our next meeting. We'll set some time on the agenda

1 for that at the next meeting. I think we will open
2 with that. That would be a good way to open the
3 discussion.

4 DR. PAUL TEAGUE: Excuse me. Do
5 these cards mean anything or are we going to have to
6 start butting in?

7 MR. BRUCE SHUPP: I didn't see it.
8 I'm sorry. Wave it if I don't see it.

9 DR. PAUL TEAGUE: I did. I slammed
10 it against the table, didn't I, Kate?

11 DR. KATE JACKSON: Yes.

12 DR. PAUL TEAGUE: I understood it the
13 same way Herman and Roger did, and I questioned it
14 then. At the end of May, whenever it is, we turn in
15 the bible, we have got no recourse of dialogue
16 because it's over. So that's why I think this
17 segmental thing will be better. Then we have got
18 some recourse. We have got some dialogue.

19 We can tell them they are crazy as
20 heck if we want to or they can tell us the same, but
21 the point is we can get some dialogue on this return
22 of what they think that we have accomplished and
23 that will make our report better at the end when we
24 do turn in the bible, if you will.

25 MR. BRUCE SHUPP: Anybody else?

1 DR. STEPHEN SMITH: Well, one
2 question that -- I mean, I think this raises just a
3 whole bunch of interesting issues, and I guess it is
4 important to have it front and center on the next
5 agenda and talk through it.

6 I think the other thing is, I think
7 we should ask to see -- you know, you're raising the
8 issue that maybe we're being asked to do too much,
9 and I guess, because of the complexity of TVA and
10 because of the multi-dimensional aspect, maybe we
11 should probe that question a little further and
12 report back.

13 Is there any FACA panel that has
14 dealt with the diversity of issues that we're
15 dealing with? You know, I mean, is there a
16 precedent for that or have the others been sort of
17 more narrowly focused around a given topic, because
18 there is a wide range?

19 I guess I would just like to
20 understand that a little bit better because that's
21 an interesting question to ponder. And if there are
22 others that have, then why remake the wheel?

23 Let's go back and maybe review how
24 they have interacted and how they have done it, and
25 if there's lessons learned there that we can

1 disseminate among ourselves to sort of review and
2 think about, that would be helpful to me to -- you
3 know, to think about those questions.

4 MR. BRUCE SHUPP: Any more discussion
5 on that issue?

6 Let's move on to meeting time and
7 location. Do you want to go May or June?

8 MR. PHIL COMER: May.

9 MR. BRUCE SHUPP: May, is that
10 consensus? Anybody object to May?

11 MAYOR THOMAS GRIFFITH: I won't be
12 there the first part of May.

13 MR. BRUCE SHUPP: Well, it doesn't
14 have to be the first part, does it?

15 SENATOR ROGER BEDFORD: It would be
16 better for me after mid May.

17 MS. MILES MENNELL: And after mid
18 May, I can't be here.

19 MR. PHIL COMER: Let's pick after mid
20 May.

21 MR. BRUCE SHUPP: We had it set for
22 May 10th or 11th.

23 MR. PHIL COMER: Or the 31st, you
24 sent out all of these dates. You sent out the 10th
25 and sent out the 31st.

1 MR. BRUCE SHUPP: That's Memorial Day
2 week, I don't think that --

3 MR. PHIL COMER: But that was a date
4 that was sent out.

5 MR. BRUCE SHUPP: Right now Sandy has
6 polled the group on both the 10th and the 11th, and
7 it's almost a toss-up on --

8 MR. PHIL COMER: She polled what
9 group on the 10th and 11th? I was never polled,
10 except I was told to hold open the 10th, the 31st,
11 the 14th of June, the 28th of June.

12 MR. BRUCE SHUPP: Can we get on to
13 choosing a date?

14 MR. PHIL COMER: But I have never had
15 any feedback to narrow it from these.

16 DR. STEPHEN SMITH: The 11th is on
17 the table.

18 MR. BRUCE SHUPP: The 11th is on the
19 table. That's a better one for you, Herman, is that
20 your good week?

21 DR. PAUL TEAGUE: The 11th is on the
22 table, I agree.

23 MR. PHIL COMER: I cannot be there
24 the 11th, and that was not the date that Sandy sent
25 out, she out the 10th.

1 MR. BRUCE SHUPP: Then she sent out
2 the 11th.

3 MR. PHIL COMER: I never got that.

4 MR. BRUCE SHUPP: Roger, you were, I
5 think, one of the victims of one of those days, I
6 recall. Ann was another one, I don't recall which
7 date.

8 SENATOR ROGER BEDFORD: Mondays and
9 Fridays are okay for me while we're in session. I
10 just -- it's a hard pull for me, I can't do it on
11 Tuesday and Wednesday.

12 MR. BRUCE SHUPP: Herman, the 11th?

13 MR. HERMAN MORRIS: On the 11th I
14 think I am in Ontario.

15 MR. BRUCE SHUPP: How about the 10th?
16 Jim can't be here on the 10th. How about the 18th,
17 that Friday, how does that suit --

18 SENATOR ROGER BEDFORD: That's fine.

19 DR. PAUL TEAGUE: I so move. I saw
20 heads nodding.

21 DR. STEPHEN SMITH: If we're changing
22 the dates that we're talking about I need --

23 DR. KATE JACKSON: I can't do the
24 18th. Sorry.

25 MR. BRUCE SHUPP: We're still focused

1 on the -- Sandy found that the 10th and 11th was the
2 one that looked best for most people.

3 MR. PHIL COMER: Sandy did just
4 remind me, quite correctly, that I had responded to
5 her that the 11th would be okay if it was in
6 Knoxville because I cannot be in Memphis, Tennessee
7 and then be back for a commitment I have at 9:00 the
8 next morning.

9 SENATOR ROGER BEDFORD: I am willing
10 to travel.

11 MR. BRUCE SHUPP: We have interest
12 from Guntersville. And who else wants to host us?

13 DR. PAUL TEAGUE: Kentucky has asked
14 previously.

15 MR. BRUCE SHUPP: Where in Kentucky?

16 DR. PAUL TEAGUE: Don't know. They
17 just suggested it.

18 DR. STEPHEN SMITH: Doesn't Mr.
19 McConnell have a ranch or something?

20 MR. BRUCE SHUPP: If we select the
21 11th, let's let TVA work --

22 DR. KATE JACKSON: I can now do the
23 18th, I have been informed, if that helps.

24 MR. BRUCE SHUPP: Is there anybody
25 that the 18th is better than the 11th?

1 MR. PHIL COMER: If it's going to be
2 somewhere other than Knoxville.

3 MAYOR THOMAS GRIFFITH: It would be
4 for me. Well, you never know with elections. I may
5 not have to worry about it.

6 MR. AL MANN: Just set it.

7 MR. BRUCE SHUPP: The 18th looks like
8 a good one. Wonderful.

9 MR. AL MANN: Where at?

10 MR. BRUCE SHUPP: Let TVA work out
11 the details on that to see who has got a better
12 idea.

13 DR. KATE JACKSON: Where?

14 MR. BRUCE SHUPP: That's what I say,
15 we'll work out the details, Kentucky or
16 Guntersville, or Knoxville if we have to.

17 DR. PAUL TEAGUE: May 18th.

18 MR. BRUCE SHUPP: It makes no
19 difference to you then, Phil, if we go the 18th, you
20 can go anywhere.

21 MR. PHIL COMER: Correct.

22 MR. BRUCE SHUPP: Let's go to
23 Guntersville. They want us there real bad.

24 DR. PAUL TEAGUE: Oh, gosh.

25 MR. BRUCE SHUPP: You will be

1 disappointed coming in May because you won't see the
2 weeds, they are just starting to come up. I think
3 they would like to interact, and now that we did
4 have our recommendation it would be interesting to
5 go there with that settled at least or we'd be --

6 MR. AL MANN: Are you setting a
7 meeting in June or July?

8 MR. BRUCE SHUPP: They are talking
9 about quarterly.

10 MS. MILES MENNELL: We said every
11 other month.

12 MR. BRUCE SHUPP: Do you really want
13 to do that, six times a year? I'm not for that. I
14 don't think we need that.

15 SENATOR ROGER BEDFORD: Why don't we
16 decide that in May? Let's hear the feedback from
17 the TVA board and what our challenges are.

18 MR. BRUCE SHUPP: We can find out a
19 date if we want to go in two months or three months
20 or four months, I agree with that.

21 Jimmy?

22 MR. JIMMY BARNETT: I have a question
23 since I had to go to the gentlemen's room during the
24 final dissertation on the weed thing, the final
25 adoption.

1 My question is: Who's got that to
2 flesh out?

3 MR. BRUCE SHUPP: To what?

4 MR. JIMMY BARNETT: To flesh out, I
5 mean, to put the final wording down. Did you-all do
6 that? Does someone have a copy of that?

7 MR. BRUCE SHUPP: For the water
8 quality subcommittee?

9 MR. JIMMY BARNETT: Yeah.

10 MR. BRUCE SHUPP: I will try to do
11 that and e-mail it to you Monday.

12 MR. JIMMY BARNETT: Ten four.

13 MR. BRUCE SHUPP: I've got one more
14 thing that I want to do, and then we'll open it to
15 anybody else. I am extremely nervous about doing
16 this one, you will understand that when I do it. I
17 want to talk about vice chairs.

18 DR. KATE JACKSON: Uh-oh. You know
19 what happened the last time we talked about that.

20 MR. BRUCE SHUPP: I know. It's a
21 pretty shaky deal. All we agreed to the last time
22 was that somebody from one of the subcommittee
23 chairs would substitute if the chair couldn't make
24 it, I don't think that's good enough.

25 I think we have got to have a

1 rotating schedule, and I would suggest we start
2 alphabetically, that if the chair can't be here for
3 the next meeting that we start out by asking the
4 integrated river management committee to chair that
5 meeting, and if he can't make it then the navigation
6 committee would go next, then the public lands, then
7 the water quality in that rotating order. So that
8 would be if I get ill or if I was called out of town
9 or I couldn't make it, that would be your rotation.

10 Does that sound like it makes sense,
11 so there's somebody to go to if they need a chair
12 instead of hoping somebody steps forward?

13 MAYOR THOMAS GRIFFITH: Sounds good
14 to me.

15 MR. BRUCE SHUPP: All right. Sobeit.
16 Integrated river management, navigation committee,
17 public lands, and water quality, that's the order.

18 SENATOR ROGER BEDFORD: So if you
19 make it in May, I'm off the hook then?

20 MR. BRUCE SHUPP: You're off the
21 hook.

22 SENATOR ROGER BEDFORD: Good deal. I
23 am going to go pick him up and bring him.

24 MAYOR THOMAS GRIFFITH: You're going
25 to have a truck down there to pick him up.

1 MR. BRUCE SHUPP: He gets the next
2 turn. It's like if you're fishing and you stand in
3 the front of the boat, you get your shot at the fish
4 and it --

5 DR. STEPHEN SMITH: You're not off
6 the hook, Roger.

7 MR. JIM CREIGHTON: I don't think he
8 understands then your --

9 MR. BRUCE SHUPP: No. He's on the
10 hook for the first time I'm absent.

11 SENATOR ROGER BEDFORD: I liked my
12 interpretation better.

13 MR. BRUCE SHUPP: But you were wrong.
14 Anything else? Anything else?

15 MR. PHIL COMER: We're not picking
16 any dates beyond May 18th, correct?

17 MR. BRUCE SHUPP: Correct.

18 MR. GREER TIDWELL: If I just might
19 take the floor for a minute after having been
20 through my first meeting. Thank you for the
21 gracious heartfelt welcome. I had a great time last
22 night. I sat here today and heard about mosquito
23 people, lake people, I heard about lily pad people,
24 and I'm glad to be a Council people.

25 Thank you very much.

1 MR. BRUCE SHUPP: You're welcome.

2 Thanks for joining us.

3 Anything else?

4 The meeting is adjourned.

5 Thank you.

6 END OF PROCEEDINGS

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